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## Information and Notices

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## II

*(Preparatory Acts)*

## COMMITTEE OF THE REGIONS

Opinion of the Committee of the Regions on:

- the ‘Communication from the Commission concerning the evaluation of the IDA programme and a second phase of the IDA programme’,
- the ‘Proposal for a European Parliament and Council Decision on a series of guidelines, including the identification of projects of common interest, for trans-European networks for the electronic Interchange of Data between Administrations (IDA)’, and
- the ‘Proposal for a Council Decision adopting a series of actions and measures in order to ensure interoperability of and access to trans-European networks for the electronic Interchange of Data between Administrations (IDA)’

(98/C 251/01)

THE COMMITTEE OF THE REGIONS,

having regard to the Proposal for a European Parliament and Council Decision on a series of guidelines, including the identification of projects of common interest, for trans-European networks for the electronic Interchange of Data between Administrations (IDA) and the Proposal for a Council Decision adopting a series of actions and measures in order to ensure interoperability of and access to trans-European networks for the electronic Interchange of Data between Administrations<sup>(1)</sup>;

having regard to the Decision of the Council of 30 January 1998 to consult the Committee on the subject under Article 129d and the first paragraph of Article 198c of the Treaty establishing the European Community;

having regard to the decision of the COR Bureau of 12 March 1998 to instruct Commission 3 (Trans-European Networks, Transport, Information Society) to draw up the opinion;

having regard to draft opinion (CdR 44/98 rev.) adopted by Commission 3 on 27 March 1998 (rapporteur: Mr Bourg);

having regard to the Proposal for a Council Decision on a series of guidelines for trans-European data communications networks between administrations and the Proposal for a Council Decision adopting a multiannual Community programme to support the implementation of trans-European networks for the interchange of data between administrations (IDA)<sup>(2)</sup>;

having regard to the opinion of the Committee of the Regions (CdR 48/94) on these proposals<sup>(3)</sup>;

<sup>(1)</sup> COM(97) 661 final - 97/0340 (COD) - 97/0341 (SYN) — OJ C 54, 21.2.1998, p. 3-12.

<sup>(2)</sup> COM(93) 69 final — OJ C 105, 16.4.1993, p. 10-12.

<sup>(3)</sup> OJ C 217, 6.8.1994, p. 32.

having regard to the amended Proposal for a Council Decision adopting a multiannual Community programme to support the implementation of trans-European networks for the interchange of data between administrations (IDA)<sup>(1)</sup> and the amended Proposal for a European Parliament and Council Decision on a series of guidelines for trans-European data communications networks between administrations<sup>(2)</sup>;

having regard to the Council Decision of 6 November 1995 on a Community contribution for telematic interchange of data between administrations in the Community (IDA)<sup>(3)</sup>;

whereas the new legal basis (Article 129d of the Treaty) for the second phase of the IDA programme provides grounds for hope that the views set out below will be taken into greater consideration by the European Parliament and the Council,

adopted at its 23rd plenary session (meeting of 13 May 1998) the following opinion by a unanimous vote.

#### The Committee of the Regions

1. considers completely unsatisfactory the Commission Communication's evaluation of the current operation of the IDA programme;

2. welcomes, however, the reorganization of priorities for the second phase of the programme, which should in future stress coordination and support for certain administrative sectors;

3. endorses the European Commission's emphasis on the importance of interoperability of network infrastructures;

4. calls therefore for Article 9 of the proposal for a Council Decision to be amended to take the local and regional dimension into consideration;

5. expects an increase in the resources allocated to bring the overall budget for the IDA programme up to an appropriate level;

6. welcomes the fact that the European Commission's initiative has placed greater emphasis on the interests of the private sector and has taken greater account of the concerns of citizens;

7. calls for improved coordination of Community initiatives in the field of inter-administration telematics, and in particular activities falling within the scope of TEN-telecom and R&D, and those aimed at supporting SMEs;

8. deplores the approach adopted by the European Commission, which appears to neglect the place of regional and local authorities and their administrative bodies, although they can make an important contribution to the realization of European objectives;

9. stresses once again that 'administration' means any national, regional or local authority whose activities are in the nature of a project of common interest, as defined by the proposal for a decision;

10. consequently renews its call for account to be taken in the IDA programme of the fact that the programme is implemented by the competent authorities in the individual Member States. In allocating costs appropriate account should be taken of different regional and local conditions. The financial burden which trans-European Information and Communications procedures entail for the Member States, the provinces and the regions must be kept down to the unavoidably necessary level. The EU institutions must fund their projects from their own budgets. We regret any attempt to lay off costs, to calculate the cost of services on an individual basis or to introduce flat-rate funding arrangements. Conversely the Member States, the provinces and regions must shoulder the costs for which they are responsible;

11. urges that, in addition to the globalization of IDA networks referred to in paragraph D of the annex to the first proposal for a Decision, regionalization also be envisaged;

12. welcomes the establishment of a single management committee (variant 2a) responsible for the im-

<sup>(1)</sup> COM(95) 436 final — OJ C 318, 29.11.1995, p. 13.

<sup>(2)</sup> COM(95) 446 final — OJ C 321, 1.12.1995, p. 11.

<sup>(3)</sup> OJ L 269, 11.11.1995, p. 23.

plementation of the two decisions, but calls on the Member States, in establishing the membership of these committees, to take full account of the interests of the local and regional administrative bodies;

13. asks that the Committee of the Regions, as an administration, be involved in trans-European networks for the electronic interchange of data planned under IDA.

Brussels, 13 May 1998.

*The Chairman*  
*of the Committee of the Regions*  
Manfred DAMMEYER

**Opinion of the Committee of the Regions on the 'Communication from the Commission to the Council and the European Parliament on a Community strategy and framework for the deployment of road transport telematics in Europe and proposals for initial actions'**

(98/C 251/02)

THE COMMITTEE OF THE REGIONS,

having regard to the Communication from the Commission to the Council and the European Parliament on a Community strategy and framework for the deployment of road transport telematics in Europe and proposals for initial actions<sup>(1)</sup>;

having regard to the decisions of its Bureau of 11 June 1997 and 18 February 1998, in accordance with the fourth paragraph of Article 198c of the Treaty establishing the European Community, to draw up an opinion on the subject and to instruct Commission 3 for Transport and Communications Networks to carry out the preparatory work;

having regard to the draft opinion (CdR 256/97 rev. 2) adopted by Commission 3 on 13 November 1997 (rapporteur: Mr La Forgia, replacing Mr Kurth);

having regard to the Council Resolution of 17 June 1997 on the development of telematics in road transport, in particular with respect to electronic fee collection<sup>(2)</sup>;

having regard to the working document of the high-level group on road transport telematics, entitled Final report on activities within the EU in the field of road transport telematics, of 7 March 1997;

having regard to the decision of the European Parliament and of the Council of 23 July 1996 on Community guidelines for the development of the trans-European transport network<sup>(3)</sup>;

having regard to the Council Resolution of 28 September 1995 on the deployment of telematics in the road transport sector<sup>(4)</sup>;

having regard to the Commission Communication of 4 November 1994 on telematics applications for transport in Europe;

having regard to the Council Resolution of 24 October 1994 on telematics in the transport sector<sup>(5)</sup>,

at its 23rd plenary session of 13 and 14 May 1998 (meeting of 14 May) adopted the following opinion unanimously.

<sup>(1)</sup> COM(97) 223 final.

<sup>(2)</sup> OJ C 194, 25.6.1997, p. 5.

<sup>(3)</sup> OJ L 228, 9.9.1996, p. 1.

<sup>(4)</sup> OJ C 264, 11.10.1995, p. 1.

<sup>(5)</sup> OJ C 309, 5.11.1994, p. 1.

The Committee of the Regions

### 1. General comments

1.1. stresses the importance of road transport telematics in improving transport safety,

1.2. points out that by using new information and communications technologies more efficient use can be made of European transport infrastructure,

1.3. emphasizes the great importance of the use of road transport telematics for the competitiveness of European industry in the world market,

1.4. shares the view that pressure on the environment can be reduced by using telematics in road transport,

1.5. concurs with the Commission that the development of new information and telecommunications systems and services will make an important contribution to the development of the information society, the creation of new sales outlets for European industry and the promotion of employment,

1.6. agrees with the Commission's criticism that investment has so far not been properly coordinated,

1.7. believes that telematics will have the greatest effect if they are part of an integrated transport-policy strategy and a comprehensive system of transport management,

1.8. points out that the use of all transport systems must take account of specific strengths,

1.9. points out that in tackling local and regional transport problems the principle of subsidiarity must be applied,

1.10. considers the Commission Communication in principle to be a suitable basis for further measures,

1.11. points out, however, that public transport and intermodality have been neglected, resulting in delays which have impeded the development of the market,

1.12. calls on the Commission to make arrangements for the necessary technical harmonization, to promote the development of user-friendly and low-cost equipment and to guarantee the continuity of information services,

1.13. supports the principle of competition between manufacturers,

1.14. expects the Commission not only to make intermodality a political objective but also to accord it high priority in establishing the framework for implementation,

1.15. considers it important that road transport telematics should not merely remain part of the trans-European transport networks (TEN-T) but that they should also become a TEN-T funding priority,

1.16. points out, however, that the relevant budget heading is insufficient,

1.17. stresses that funding can be increased only via a transfer of resources within the EU budget,

1.18. stresses the importance of close cooperation between the private and public sectors and of the establishment of a private-public partnership in relation to the development, implementation and financing of road transport telematics projects,

1.19. considers, however, that a clear distinction is needed between public-sector responsibilities (for example in relation to transport safety, the transport of dangerous goods and environmental protection) and private-sector,

1.20. sees in the use of road transport telematics improved opportunities for the European regions to cooperate across national borders, as in the case of the Permanent Regional Cooperation (Preco) project,

1.21. considers it appropriate to introduce road transport telematics systems in accordance with a phased plan,

1.22. is glad that the Commission sets priorities for its planned actions,

1.23. is also glad that the Commission intends to take new developments into account and pinpoints other major applications which it considers necessary in the medium to long term,

1.24. considers it very important that account be taken of the already available results of trials at European, national and regional level,

## 2. Comments on the European Commission's priorities

### 2.1. *Traffic information services (RDS-TMC)*

2.1.1. shares the view that RDS-TMC is a European project which must be interoperable throughout Europe,

2.1.2. agrees that remaining technical harmonization shortcomings must be swiftly eliminated,

2.1.3. supports the Commission in its efforts:

- to harmonize key technical areas of RDS-TMC in order to guarantee continuity and interoperability for multi-modal travel and traffic information services,
- via organizational measures to coordinate all the parties involved and where appropriate to submit further proposals for the uniform application of the necessary technical specifications,
- to accelerate the introduction of RDS-TMC via an information campaign,

2.1.4. calls on the Commission to promote with the same intensity other innovative and forward-looking technological developments, such as digital audio broadcasting (DAB),

### 2.2. *Electronic fee collection (EFC)*

2.2.1. considers that electronic fee collection on certain roads is in principle a flexible and fair method of road pricing,

2.2.2. points out that road pricing should be part of a competition-neutral system embracing vehicle tax, oil tax, tolls and time-related user fees, and should not be considered in isolation,

2.2.3. points out that in the discussion of road pricing a distinction should be made between goods vehicles, regular bus services and passenger vehicles, and that road pricing for passenger vehicles could, particularly in the regions, have a considerable impact on the overall road network and might even cause undesirable shifts in traffic flows,

2.2.4. calls on the Commission to take account of transport problems in the regions, particularly in urban population centres, in all its proposals, as the impact of road pricing on transport, economy and environment is particularly marked here,

2.2.5. supports the Commission in its strategy of resorting to legal steps only when all other avenues have been explored,

2.2.6. suggests that, on grounds of cost, the transport and environmental-policy objective of traffic guidance

could be achieved more quickly and efficiently if other pricing and tax measures were used,

### 2.3. *Transport data exchange and information management*

2.3.1. feels that the emphasis should be placed on the following aspects:

- formulation of principles for the exchange of data between public and private-sector suppliers and users, with particular attention being paid to the results of EU projects such as Enterprice,
- clarification of the question as to which parts of the information market should be public and which private, and where the interfaces for public-private partnership are located,
- creation of the conditions for the privatization of certain tasks,
- interlinking of databases,

2.3.2. points out that any EU rules should, for reasons of subsidiarity, be restricted to establishing a framework for questions of technical harmonization and the creation of interfaces,

2.3.3. calls on the Commission to create the conditions for large-scale cooperation between the regions,

### 2.4. *Human-machine interface (HMI)*

2.4.1. supports the Commission in its endeavour to attach absolute priority to safety in relation to in-vehicle telematic devices such as information displays and vehicle control systems, and calls on the Commission to work for binding minimum standards,

2.4.2. points out that harmonization measures must not compromise safety requirements,

2.4.3. calls on the Commission to work for multilingualism in the development of systems,

### 2.5. *System architecture*

2.5.1. supports the Commission in its intention to give preference to an open system architecture, which specifies only the outline technical framework needed to guarantee long-term inter-operability of different systems, but which at the same time leaves scope for innovation and technological progress,

2.5.2. points out that an open system architecture is also required for effective regional cooperation between public and private sectors, geared to specific regional characteristics,

### 3. Comments on further applications planned by the European Commission

#### 3.1. *Pre-trip and on-trip information and guidance*

3.1.1. stresses the central importance of dynamic intermodal travel information systems for better use of transport capacity, optimization of traffic flows and improvement of transport safety,

3.1.2. shares the view that a uniform information architecture, such as a digital card, and the maintenance of data protection are essential,

3.1.3. emphasizes the high importance of pre-trip and on-trip information for public transport, particularly in equipping buses used for regular passenger services,

3.1.4. stresses that, particularly through pre-trip information, traffic can be reduced in urban areas and densely populated regions and transfer to more environment-friendly forms of transport facilitated,

3.1.5. calls on the Commission to guarantee interoperability and continuity of the various transport systems throughout Europe,

#### 3.2. *Inter-urban and urban traffic management, operation and control*

3.2.1. is glad that the Commission is planning the development of additional multi-corridor and network-management projects and the introduction of uniform emergency systems,

3.2.2. stresses the need for large-scale joint ventures between the regions and calls on the Commission to support cooperation between the regions,

3.2.3. opposes, for reasons of subsidiarity, any measures by the Commission for the allocation of access at regional and local level,

#### 3.3. *Other urban transport telematics services*

3.3.1. makes it clear that telematics applications like electronic payment and booking systems do not require regulation or support by the EU,

#### 3.4. *Collective transport*

3.4.1. is glad that the Commission is to promote public databases,

3.4.2. opposes, for reasons of subsidiarity and competence, any commitment by the Commission in other areas such as reservation systems and value-added services,

#### 3.5. *Advanced vehicle safety/control systems*

3.5.1. welcomes developments which make a substantial contribution to transport safety and traffic flows,

3.5.2. opposes any action by the EU which would prejudice high standards of safety in the interests of standardization,

#### 3.6. *Commercial vehicle operations (logistic chains)*

3.6.1. considers that in the field of goods transport telematics can make a major contribution to raising efficiency and reducing traffic,

3.6.2. points out that goods transport telematics are as a rule a matter for the private sector, but that in certain areas, such as the transport of dangerous goods, the responsibilities of the Member States and regions need to be considered,

### 4. Conclusions

4.1. wholeheartedly welcomes the Commission's initiatives for developing the use of transport telematics in Europe,

4.2. considers deadlines for the implementation of these initiatives to be important,

4.3. calls on the Commission,

— to concentrate on areas where the need for action is greatest and which clearly fall within the Commission's remit,

— to assign more weight in future to intermodality,

— to pay more attention than hitherto to local public passenger transport,

— to make further applications such as pre-trip information a priority for immediate action rather than a medium- to long-term objective,

— to bear in mind that road transport telematics are part of overall transport management strategies at regional level, and that large-scale cooperation between regions is therefore needed, which should be supported by the Commission,

4.4. makes it clear that only if these requirements are met will telematics live up to their great potential for tackling transport problems, protecting the environment and promoting the European Union as a location for business and technology.

Brussels, 14 May 1998.

*The Chairman  
of the Committee of the Regions*

Manfred DAMMEYER

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**Resolution of the Committee of the Regions on a ‘European Charter of regional and local authorities for a progressive and sustainable transport policy’**

(98/C 251/03)

THE COMMITTEE OF THE REGIONS,

having regard to its bureau’s decisions on 17 September 1997 and 18 February 1998, under Article 198 c of the Treaty establishing the European Community, to draw up a resolution on a European Charter of regional and local authorities for a progressive and sustainable transport policy, to direct Commission 3 — Transport and Communications Networks — to prepare this text;

having regard to the draft resolution (CdR 347/97 rev.) adopted by Commission 3 on 13 November 1997 (rapporteurs: Mr Weingartner and Mr Zaplana);

having regard to its experience to date, during its first term in office, with work on the transport sector and transport policy;

having regard to the findings of the series of seminars organized in conjunction with the European Commission on the contribution of Europe’s regional and local authorities to an integrated, efficient and environmentally-friendly transport system in Europe;

having regard to the ten guiding principles formulated on this subject in the own-initiative opinion on a comprehensive and coherent transport strategy for regions/local authorities and the European Union (CdR 255/97 fin),

has adopted unanimously at its 23rd plenary session (meeting of 14 May) the following resolution.

The Committee of the Regions

supports a European Charter of regional and local authorities for a progressive and sustainable transport policy and will do everything in its power to attain the charter's objectives;

calls on its President to forward the charter to the competent government and institutional representatives and use his influence to get it implemented.

Brussels, 14 May 1998.

*The Chairman  
of the Committee of the Regions*

Manfred DAMMEYER

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APPENDIX

to the opinion on the Committee of the Regions

**European Charter of regional and local authorities for a progressive and sustainable transport policy**

**1. Role of the regional and local authorities in transport policy**

1.1. The European Union's regional and local authorities note that the economic progress made in recent centuries and the high level of prosperity in our society are due in no small measure to the transport network at our disposal and the transport system developed to go with it, to which local and regional authorities have also contributed.

1.2. The regional and local authorities would point out, however, that the damage caused in some regions by the sharp growth in traffic has already reached breaking point and has even gone beyond that point in some cases. The possibilities available to the regional and local authorities for countering this damage are limited despite the fact that they contribute financially because the European Community and Member States lay down the general provisions governing transport policy, while the regions are often given the task of merely implementing these provisions.

1.3. The political representatives of the regional and local authorities would emphasize in this context that the public gives them the main blame for transport problems and expects them to find the solutions.

1.4. The majority of the European Union's regional and local authorities are responsible for land-use planning and can therefore determine the location of residential areas and areas of economic activity in relation to transport infrastructure. They should, however, be given increased decision-making powers regarding the extent to which their areas are opened up to traffic and guarantees as to mobility and accessibility for all their citizens.

1.5. In a number of Member States regional and local authorities have responsibilities for repairing the damage caused by transport accidents. They should, however, be given additional direct responsibility for transport safety.

## 2. Objectives of transport policy

2.1. The European Union's regional and local authorities recognize the importance of transport for the economy, well-being, and freedom of the population. The objective must therefore be to preserve sustainable mobility of persons and free movement of goods, while still making due allowance for the general social and environmental framework.

2.2. In view of the never-ending increase in traffic, the regional and local authorities would point out that it is absolutely necessary to provide the general public and the environment with the best possible protection against its adverse consequences.

2.3. The regional and local authorities realize that the general public throughout the Community must enjoy the same level of protection and safety. However, differentiated measures are required if the level enjoyed in all regions and localities is to be the same. Regional differences must be taken into consideration when transport policy is determined at national and Community level.

2.4. The regional and local authorities are convinced that the approach to a modern transport policy must be interdisciplinary and based on partnership. The aim must therefore be to ensure that all local/regional authorities, interest groups and other institutions with responsibilities for transport and transport operations are involved in the decision-making processes at an early stage.

2.5. The regional and local authorities think that if today's transport problems are to be mastered, it is vital to adopt a policy approach that is based to a much greater degree than in the past on solutions which embrace all modes and systems.

## 3. Basic principles governing a progressive and sustainable transport policy

### 3.1. *Subsidiarity*

Since it is advisable to solve transport problems at the level best suited for that purpose, the EU's regions and localities must be involved more closely in devising measures and solutions.

### 3.2. *Improving the quality of life*

Transport policy should seek to achieve an optimal balance between quality of life, citizens' overall mobility and environmental protection, and the economic objectives it serves.

### 3.3. *Pan-European transport infrastructure*

The various modes of transport require an adequate and effective structure both within the EU and as regards its connections with third countries. Priority must be given within this structure to the more environmentally-compatible modes of transport such as the railways, coastal shipping, inland waterways (rivers, canals) and maritime transport. These should be able to make use of cross-subsidizing from tax revenue on other, less environmentally-friendly, modes.

### 3.4. *Payment of full costs*

Apart from its internal costs, which may be passed on, each mode of transport must also be gradually made to pay its external and/or social costs. In the case of goods transport, the principle of the shortest route should be enforced by using costs as a regulatory instrument.

### 3.5. *Sustainability*

Transport policy calls for the development of a sustainable, environmentally-compatible transport system which satisfies social, economic, environmental and safety needs and helps to bridge the social and economic differences between regions.

### 3.6. *Quality of transport*

Safety and reliability as well as accessibility and affordability are sine qua nons for transport users and clients in both the passenger and goods transport sectors.

### 3.7. *Competition and efficiency*

Measures taken with regard to transport structures and the handling of transport operations must help to improve the competitive position and efficiency of the transport system in terms of overall mobility in the service of the citizen and industry. This concerns, for example, the liberalization of rail transport and the associated opening-up of the network.

### 3.8. *Closeness to the citizen*

The public's acceptance of individual transport projects is of vital importance. Closeness to the citizen therefore means that transport policy decisions must take account of the interests and expectations of ordinary people (consumers, transport users and other interested parties).

### 3.9. *Intermodality*

An optimum transport system depends on the ability and willingness of the different modes to cooperate at local, regional, national and European level. The list of relevant transport modes must expressly include shipping (both inland waterway and maritime).

### 3.10. *Intelligent technology*

Since modern technology helps to make better use of existing infrastructure capacity and to improve safety levels, it is necessary to exploit the systems already available and to promote and press ahead with R&D.

## 4. **Necessities and demands with regard to transport policy**

The Committee of the Regions

notes that local and regional authorities have a number of powers in the field of land-use planning and transport regulation. Greater use should be made in future of these powers in order to (a) build suitable feeder links connecting residential areas and areas of economic activity to the public transport infrastructure, thereby avoiding or reducing traffic at least in part and (b) take regulatory action to reduce the need to travel, to find other means of transport besides the private car and to reduce the burdens on the general public and the environment;

points out that national governments lay down the basic principles of transport policy, which as a rule coincide to a large extent with the ideas of local and regional authorities. However, the COR notes that there are serious shortcomings when it comes to implementing the designated objectives and measures, and therefore urges Member States' governments to take more account of the initiatives and proposals of regional and local authorities. Transport is largely a local and regional matter. It is therefore extremely important that national transport policy should set up coordinated planning machinery, where account can be taken of local and regional political influence;

praises the efforts of the European Commission, which has recently produced a large number of fundamental studies mapping out the course to be steered by a forward-looking and sustainable transport policy for both the EU and the neighbouring countries of central and eastern Europe. It therefore calls on the Commission to pursue this policy and to do everything in its power to ensure that the objectives set can be achieved as swiftly as possible at Community level, too;

welcomes the fact that the European Parliament is now also able to consult the Committee of the Regions, and trusts that the Parliament will make use of this possibility so that greater allowance can be made in future for the views of local and regional authorities on transport questions;

knows that ultimately the Council of Ministers is chiefly responsible for implementing European transport policy, and therefore calls on it to act more swiftly than in the past in helping to ensure that the objectives and measures set out in a large number of blueprints, resolutions and green and white papers, etc., bear fruit. This is the only way to convince the general public that political decision-makers are also prepared to search for lasting solutions to current transport and environmental problems so that sustainable mobility can be guaranteed in future, too.

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Opinion of the Committee of the Regions on 'Towards an urban agenda in the European Union'

(98/C 251/04)

THE COMMITTEE OF THE REGIONS,

having regard to the Commission's Communication Towards an urban agenda in the European Union<sup>(1)</sup>;

having regard to the decision of the Commission of 8 March 1997 to consult it in accordance with Article 198 C (first paragraph) of the Treaty establishing the European Community;

having regard to the decisions of its bureau on 30 May 1997 and 18 February 1998 to charge Commission 4 (Spatial planning, urban issues, energy, the environment) with the preparation of this opinion;

having regard to the overview report The Europe of the Cities — Community measures in urban areas;

having regard to the communication 'Agenda 2000: For a stronger and wider Europe';

having regard to the first official draft of the 'European Spatial Development Perspective' prepared for the informal meeting of ministers responsible for spatial planning in June 1997;

having regard to various Opinions of the Committee of the Regions:

- Commission communication on cooperation for European territorial development — Europe 2000+ (CdR 233/95)<sup>(2)</sup>
- Evaluation of the financial and administrative consequences for local and regional authorities of EU legislation (CdR 368/95)<sup>(3)</sup>
- Green Paper on Citizens network (CdR 42/96 fin)<sup>(4)</sup>
- Regional and local authorities in the European Union (CdR 47/96 fin)<sup>(5)</sup>
- Fifth Environmental action programme (CdR 142/96 fin)<sup>(6)</sup>
- The role of local and regional authorities in public service (CdR 148/96 fin)<sup>(7)</sup>
- Urban development and the European Union (CdR 235/95)<sup>(8)</sup>
- Spatial planning in Europe (CdR 340/96 fin)<sup>(9)</sup>

<sup>(1)</sup> COM(97) 197 final.

<sup>(2)</sup> OJ C 100, 2.4.1996, p. 65.

<sup>(3)</sup> OJ C 126, 29.4.1996, p. 1.

<sup>(4)</sup> OJ C 337, 11.11.1996, p. 20.

<sup>(5)</sup> Not yet published in OJ.

<sup>(6)</sup> OJ C 34, 3.2.1997, p. 12.

<sup>(7)</sup> OJ C 116, 14.4.1997, p. 52.

<sup>(8)</sup> OJ C 100, 2.4.1996, p. 78.

<sup>(9)</sup> OJ C 116, 14.4.1997, p. 1.

- The role of local and regional authorities in linking education and training establishments to enterprises (CdR 346/96 fin) <sup>(1)</sup>
- Green Paper on the future of noise policy (CdR 436/96 fin) <sup>(2)</sup>
- Working document on the impact of Structural Funds on urban areas (CdR 8/97 fin)
- Local and regional aspects of the Fifth Framework programme (CdR 158/97 fin) <sup>(3)</sup>
- Intercultural education (CdR 194/97 fin) <sup>(4)</sup>

having regard to the preparations of the working group (consisting of Mr Berger, Mr Frau, Mrs Freehill, Mr Penttilä, Mr Peper (rapporteur), Mrs Powell and Mrs Tallberg) in drawing up this opinion;

having regard to the draft opinion (CdR 316/97 rev. 2) adopted by Commission 4 on 14 January 1998 (rapporteur: Mr Peper),

unanimously adopted at its 23rd plenary session of 13 and 14 May 1998 (meeting of 14 May) the following opinion.

## 1. Introduction

1.1. The Committee of the Regions welcomes the publication of the Commission's discussion paper 'Towards an urban agenda in the European Union'. After the Green Paper on Urban Environment (1990), the launch of the Sustainable City project and the implementation of the Community Initiative Urban, it is an important next step in recognizing that cities are vital to ensuring competitive regions and a competitive Europe. The discussion paper underlines the arguments put forward by the Committee of Region's Opinion on Urban development and the European Union, stressing the need to develop an integrated urban approach to both tackle the serious problems faced by cities and make use of their opportunities for economic growth and prosperity. At the same time, such an integrated approach would greatly increase the effectiveness of existing Community policies affecting urban areas.

1.2. The Commission's communication has been presented at a crucial time when the role of European cities is attracting growing attention. This is the result of many years of conscious effort, mainly on the part of local authorities and their representative organizations. The Committee of the Regions has, since its start, promoted the need for an urban perspective in Community policies and programmes. Initially, this awareness developed rather slowly, but the process has gained momentum during the past year. National governments have shown an interest in urban issues, developing explicit urban policies or

promoting the coordination of sectoral policies affecting cities.

1.3. This renewed attention in the role of cities is now being shown at the European level. The Cohesion Forum, which discussed the revision of the Structural Funds in April 1997, identified structural changes in urban areas as a key objective. During the Committee of the Regions European Summit of Regional and Local Authorities, held in Amsterdam in May, there was a strong call for a European urban policy. In June 1997 this was acknowledged by the Informal Council of ministers for regional policy and spatial development who in the first instance, when the official draft of the European Spatial Development Perspective was submitted, concluded that there is a strong need to develop a more balanced and polycentric system of cities and allocated urban policy a separate slot on the agenda for the first time. The renewed focus on cities has also been reflected in Agenda 2000, where structural changes in urban areas are placed in the mainstream of future structural actions.

## 2. General reflections

2.1. The Committee of the Regions strongly subscribes to the Commission's analysis contained in the chapter 'Challenges facing Europe's cities'. This clearly demonstrates the wide variety in Europe's urban landscape and stresses the role of cities and urban regions as centres of economic activity, innovation and prosperity for the European Union. On the other hand, it also recognizes the enormous problems faced by cities whether they were hit by a steep decline in industrial employment or form part of regional economies largely dependent on the agricultural sector. Common problems that are identified include unacceptably high levels of unemployment, growing numbers of socially excluded persons, a degrading quality of life and increased congestion. The Commission concludes therefore that:

<sup>(1)</sup> OJ C 116, 14.4.1997, p. 98.

<sup>(2)</sup> OJ C 215, 16.7.1997, p. 44.

<sup>(3)</sup> OJ C 379, 15.12.1997, p. 26.

<sup>(4)</sup> OJ C 215, 16.7.1997, p. 21.

'The city is, in many parts of Europe, no longer a desirable place to bring up children, to spend leisure time, or to live. This erosion of the role of the city is perhaps the greatest threat to the European model of development and society and one which needs the widest debate' (1).

2.2. Currently there are a number of Community instruments that have an impact on urban development. In its communication the Commission distinguishes four categories:

- policies which promote economic competitiveness and employment (such as single market policies, RTD policies and the Territorial Employment Pacts);
- policy in favour of economic and social cohesion (i.e. the Structural Funds);
- policies which help the insertion of cities in trans-European networks (including public transport and transport pricing policies);
- policies promoting sustainable development and the quality of life in cities (Sustainable Cities project, greening the Structural Funds and several RTD programmes).

In the recently published brochure 'The Europe of the cities — Community actions in the cities' (1997), the Commission puts additional emphasis on combating social exclusion in cities, promoting the local economy and cultural actions.

2.3. The Committee of the Regions acknowledges that these Community measures definitely affect urban development. However, it must also be noted that not all of these policies are intended for urban areas, and as a result, although the local authorities may have a say in how these policies are implemented, they often have no influence whatsoever. Therefore, the Committee of the Regions stresses that the sum of Community measures affecting urban areas does not add up to an urban policy.

2.4. For this reason, the Committee of the Regions warmly welcomes the invitation for suggestions 'to an improved integration of Community policies relevant to urban development, in order to ensure that they fully correspond to actions at other levels and in particular to the needs of cities and towns' (2). In particular, it

welcomes the Commission's request for special attention to:

- an urban perspective in European Union policies;
- services of public interest and urban development;
- the contribution of the Structural Funds;
- increasing knowledge and promoting the exchange of experience between cities.

2.5. On the basis of Article 198 C (first paragraph) of the Treaty of the European Community the Committee of the Regions must be consulted in the fields of trans-European networks, public health, education, youth, culture and economic and social cohesion. Furthermore, the Committee of the Regions has taken the initiative to give its opinion in other areas affecting the cities and regions. This has already given rise to numerous opinions on how to improve the incorporation of the local and regional dimension into Community policies and programmes, an overview of which is given in the Annex. At the moment several opinions focusing on specific urban issues are being drafted. Finally, the Treaty of Amsterdam will add a new range of competencies to the Committee of the Regions which will cover employment, social policy, implementing measures for public health, the environment, vocational training and transport.

2.6. The Committee of the Regions welcomes the opportunity to discuss its opinion and ideas during an Urban Forum to be held in the Autumn of 1998. The Committee of the Regions believes that this opinion will provide the basis for a broader discussion within its commissions. Together with the opinions that are more focused on specific (sectoral) policy fields, this opinion will prove to be an important input into a European White Paper on Urban Development.

### 3. Cities and regions: analysis

#### 3.1. *Cities and European culture*

3.1.1. Cities and their culture have formed the foundation of European civilization. As has been stated in different documents regarding the urban perspective in European Union policies, Europe has a long tradition of urban culture. Following the Roman period, and particularly after the Renaissance in the late Middle Ages, cities developed rapidly. Urban economies brought in new technologies and products. At the present time, most scholars, opinion leaders and politicians agree that European culture, its society and its economic system must be characterized as predominantly urban. Eighty percent of the European population lives in cities. 'Around 20 % of Europeans live in larger conurbations of more than 250 000 inhabitants', a further 20 % in

(1) COM(97) 197 final, p. 8.

(2) COM(97) 197 final, p. 14.

medium-sized cities (50 000-250 000) and 40 % in towns of 10 000-50 000 inhabitants<sup>(1)</sup>.

3.1.2. Cities are also at the present time sources of progress, freedom and culture. However, over the last 20 years we have seen that many European cities suffer increasingly serious threats on the social, economic and environmental level. The problems of certain urban districts facing very high unemployment rates can be so severe that they strongly affect the urban area as a whole. Negative developments in cities will have inevitable negative consequences for European society and its economy. For many cities, unemployment is the most serious problem. Most cities have to cope with unemployment rates above the average national level. These high unemployment rates are the cause of many social problems.

3.1.3. For the future, the role of cities in Europe will remain crucial, especially the role of urban and metropolitan networks. As a result of the single market, national economies lose importance not only in favour of regions, but also in favour of metropolitan areas and conglomerates of cities, which are linked into networks on the international and sometimes European scale. Important examples of the changing position of cities in international networks are Barcelona, Lille, Berlin, London and Paris. Smaller cities are also progressively becoming part of larger urban networks, either on a regional, national or international level. Therefore, the role of cities and metropolitan regions remains of great importance for the European economy.

3.1.4. Cities come in all shapes and sizes, and different cities in the Community face different problems and different challenges. Cities vary greatly in size, economic structure and their place in the European economic network. Not every city is part of the European network, not every city has the same socio-economic structure, not every city is in decline. Cities should thus be classified into different categories, according to their position in functional networks and the challenges and problems they face, rather than on their size alone. Referring to the European Spatial Development Perspective (first draft) [ESDP] there are eight types of cities on three levels. Each level refers to the highest scale of the network in which the city is linked:

— on the international level:

1. global cities;
2. metropolitan regions;
3. capital cities;

— on the national level:

4. 'older industrial cities';
5. 'peripheral cities';

— on the regional level:

6. cities in the core area;
7. cities outside the core area;
8. medium-sized cities in predominantly rural regions.

3.1.5. Each of these eight types of cities refers to a way of linking in an urban network, to specific characteristics of its economic base and to a specific relation to its surrounding region and/or cities in its vicinity. No two European cities are the same and this classification already indicates the wide spectrum of European cities and their characteristics. Cities vary from relatively small to clusters with millions of inhabitants, from traditional service-based economies to industrial centres, from centres in almost empty regions to parts of huge and densely-populated urban areas. This implies that there are no blueprint solutions which can be applied to every European city.

### 3.2. *The European city in its region: a threatened balance*

3.2.1. As long as cities exist, they depend on their surrounding regions. Not only for water, food production and raw materials for manufacturing, but also for labour. No city could, or can, exist without its surrounding areas. This was the case in the Middle Ages as it is today, although today cities also depend on economic ties over larger distances, which can be on a national or even international scale. On the other hand, regions have long depended on their central cities. Cities provide different facilities (commerce and trade, leisure, education, art, health care, etc.) as well as being a source of work and income for many inhabitants of the surrounding regions. As stated in the ESDP, the interdependence of rural and urban areas is actually increasing, due to suburbanization, infrastructural works, strongly intertwined economies, interwoven environmental issues and the growing importance of the landscape for recreation and leisure.

3.2.2. Therefore, when studying urban problems and formulating urban policy, the Committee of the Regions argues in favour of a perspective on the level of the so-called functional urban region (FUR): networks of cities and surrounding areas that are closely interrelated in terms of local and regional economy, the (daily) mobility of their citizens. FURS often go beyond the administrative borders of the central city. They include suburban settlements that are related to the central cities. However, functional urban regions can vary widely, depending on the type and size of the city that is involved, in scale and number of inhabitants: from FURS around small and medium-sized cities in predominantly rural areas to metropolitan regions. The concept of the FUR offers opportunities for regarding urban

<sup>(1)</sup> COM(97) 197 final, p. 14.

phenomena beyond the borders of the central city, and can also provide solutions to urban problems on an appropriate scale. The concept of the FUR should be further elaborated in the future in order to obtain an adequate conceptual framework of urban analysis and urban policy, in other words the significance of the urban dimension.

3.2.3. Although the interdependence of cities and surrounding regions is increasing, it has also become more problematic and vulnerable. In the first place, the issue of suburbanization causes many environmental, transport and safety problems in numerous European urban areas. As has been stated in ESDP, villages, towns and cities continue to expand, often relatively uncontrolled, because of the European populations' growing need for space. The middle and higher income groups tend to move to the suburbs, but still find work in the city, which remains the preferred location for high-quality services and education. As a result of this, the central city government is faced by financial problems of both tax-income and a reduced spending power for the city's economy. This process of suburbanization started first, in the sixties, in the countries of north-western Europe, where it has become an established pattern of settlement. In other European countries, suburban settlements have started to develop, because of rising living standards, increasing car use and better roads. Large green areas around cities have been transformed into large suburban zones, where daily commuting causes traffic jams and environmental problems. This so-called urban sprawl is a result of improved living standards, decentralization and growth, but it increases the costs of urban infrastructure, traffic and energy consumption, and often has a negative impact on the quality of the countryside.

3.2.4. In the second place, many rural areas have to cope with a decrease in the importance of their traditional agricultural base. As a result of the market opening up, together with cuts in public subsidies, agricultural areas will be transformed or taken over by other agricultural areas in the same country or in other EU-countries. Traditional agricultural areas are therefore undergoing structural change. Some areas, e.g. in the south of Europe, are partially giving up production or spread their production over a wider territory. Other areas are intensifying their production with new techniques. All these processes of change result in a loss of employment and a decline in population. Therefore, new strategies need to be developed to keep the economic activity of these regions alive. These strategies should reflect the completely new functional relations between cities and regions that arise from the shifts in agriculture. Especially in the relatively densely populated parts of Europe,

rural areas become more important as areas providing recreation and leisure facilities for city dwellers. When the traditional economic base weakens, they also become more financially dependent on the urban population. It becomes difficult to maintain the quality of the landscape and ensure the survival of local communities.

3.2.5. Many European cities are faced with a transition towards a service-based economy. In particular, the category of older industrial cities needs to make a marked shift towards an almost completely new economic structure, based on services, knowledge, leisure and tourism. New jobs in the city do not always provide work for those made redundant from traditional industry. The service industry and knowledge-based economy demand highly-educated and specialized workers, while many of the unemployed have a lower level of education, and lack the necessary training. This process is accelerated by the rapid changes in information technology and telecommunication networks and a number of fundamental changes in society can be foreseen for the near future. Information technology will severely change the way people and organizations communicate, learn and do business.

3.2.6. The economic, demographic and spatial changes can be very drastic. Many cities are unable to adapt themselves fast enough to the changing circumstances. The required investments are too high, the budgets under too much pressure to bear the inevitable social costs. When the efforts fall short, cities can lose their vitality and lapse into an urban crisis scenario. Investments aimed at the future will have to give way to tackling the immediate acute social needs, leaving the city further behind. For many cities a process of structural change is thus required. This process takes many years and must be accompanied by long-term structural measures.

3.2.7. When looked at closely, so-called urban problems such as unemployment, social fragmentation, strains on the quality of life and problems of traffic and transportation, are the outcome of complex processes that take place on the scale of the functional urban region. For example, selective migration processes from the city to surrounding regions are responsible for daily traffic congestion, but also for a high proportion of lower income groups in the cities. Expensive urban facilities such as hospitals, high schools, theatres and museums are often heavily subsidized by the local government but used by people in a large surrounding area stretching far beyond the administrative borders of the city. This leads to further financial problems for the city.

3.2.8. Nevertheless, processes on the scale of the functional urban region often cause problems on a very local scale: certain neighbourhoods, both in cities and other parts of urban regions, suffer from a high rate of

unemployment, others are troubled by heavy road traffic, airport noise or nuisance caused by industry. The quality and the future value of certain urban districts is particularly alarming. In these urban areas in difficulty, economic, social and physical problems cumulate, resulting in a lack of social cohesion and the social exclusion of the population. Focussing on recovering economic resilience leads to a different way of looking at these districts, stressing the opportunities as well as the problems. Such an approach can never be volatile because it aims at a fundamental structural change. In other words, the process of positive regional development very often demands measures on a local district or neighbourhood scale.

3.2.9. Owing to the high unemployment levels which have rocketed in the 1990s, increasing numbers of unemployed people have had their unemployment benefit terminated. Moreover, a large number of unemployed people have never entered the labour market, and, consequently, are not covered by national unemployment insurance schemes. In many Member States, these people are increasingly dependent on welfare payments from local authorities for their livelihood. This passive acceptance of welfare handouts has a negative effect on the individual's self-respect, and is devastating for the municipal economy. It also means that tax revenue, which ought to be used to enable towns and cities to provide services such as education, health and community care services, etc. is used for welfare payments. A further corollary is that tension and conflict arise between different groups in our towns and cities. In some countries, welfare costs have risen over recent years as refugees have headed mainly for towns and cities, and government support has been insufficient.

### 3.3. *Towards a multi-sectoral urban perspective on sectoral issues*

3.3.1. Cities can be characterized by diversity within a small area. They are traditionally multi-cultural centres of tolerance and spiritual freedom. The more diversity there is, the more an urban centre is a city. Cities are concentrations of knowledge, information and specialized services. The complexity of urban processes and problems often requires a multi-sectoral perspective. In many cities, a wide variety of functions and large numbers of people are often bunched together in high densities, sometimes even on different floors of the same building. This positive, inspiring effect of clustered functions can provide real economic and cultural opportunities that the local authorities can use to improve urban cohesion.

3.3.2. As a consequence of this urban complexity, measures in one field have a great impact on other fields. Instead of standard problems with standard solutions, cities often have to cope with complex problems that demand multi-sectoral, tailor-made solutions. For example in order to provide housing amid amenities or economic facilities, public areas have to be used more intensively than elsewhere, and creative solutions have to be found for heavy traffic and parking problems.

3.3.3. The impact of measures aimed at one sector, on another sector, is greater in cities than in rural areas. The increase in traffic and transport influences the quality of life more strongly in cities than in rural areas. Measures in one field can have a negative impact on another field. For example, new infrastructure linking European cities can have negative consequences on the quality of life in certain neighbourhoods. Concepts of sustainability are more relevant and therefore easier to evaluate in new towns and neighbourhoods in urban areas than in existing neighbourhoods, especially when they are crossed by roads serving heavy traffic.

## 4. A framework for local urban policies

### 4.1. *Integration at the local level*

4.1.1. The growing awareness of cities and the problems and challenges they face, has resulted in a number of studies on the role of cities in Europe. Several action programmes have been set up to benefit cities in particular. A number of existing instruments were also (partly) adapted to better suit urban needs. The Committee of the Regions stressed, in its own-initiative Opinion on Evaluation of the financial and administrative consequences for local and regional authorities of EU legislation, the need to check new European measures on their effect on urban and regional authorities. This has recently been acknowledged by the Amsterdam Council and will be included in the protocol concerning the application of the subsidiarity principle.

4.1.2. However, this approach is based more on sectoral policies and is independent of other measures. Therefore, new European measures should also be examined to find out how they might influence existing measures affecting cities, and whether they fit into one integrated urban policy. The major task will be to develop an urban policy that will coordinate present sectoral, ad hoc and highly fragmented policies in order to achieve a coherent, integrated, and thus efficient, approach.

4.1.3. Present discussions on such a future urban policy all share a common feature; their approach is top-down. However, the key to urban policy should involve combining this top-down approach with a bottom-up approach. By their very nature, the policies of local authorities must be integrated, coordinated and coherent. This bottom-up approach should provide valuable insights for a future European urban policy.

4.1.4. Every city has a unique combination of problems and possibilities, the underlying trends being largely the same. Many cities identify their opportunities and threats and set out a strategy for improving their vitality. Local urban policies can be grouped together in various ways. The following reflects the twin challenge to urban policy identified in the Commission's communication ('... maintaining its cities at the forefront of an increasingly globalized and competitive economy while addressing the cumulative legacy of urban deprivation ...'<sup>(1)</sup>) and the need to pay more attention to the citizens:

- developing a strong city;
- creating valuable districts;
- improving citizens' participation.

It should be noted that this is just a model and that, in reality, policies in any group will not only affect other policies within that group but also policies in the other two. It should also be noted that these examples of local policies are not being implemented by all cities to the same extent, or in the same mix.

#### 4.2. *Developing a strong city*

4.2.1. From the above analysis, it is clear that cities are threatened by suburbanization and the movement to the countryside. Cities lose inhabitants and businesses, experience a continued selective migration and face a decline in the number of urban functions. Local authorities try to reverse the trend by improving competitiveness and creating a stronger and more vital city.

4.2.2. The key for vital cities is (re)urbanization. Cities' policies are geared towards creating diversity and support, and the development of attractive living and business environments. On the one hand, these policies are aimed at a more efficient use of the urban area by developing a compact city. On the other hand, liveability is improved by more high-quality public space. Through

a balanced approach to urbanization, cities give priority to the building of new houses in existing urban areas before developing new estates. Of course, both are necessary but should be developed in such a way that the city as a whole is strengthened.

4.2.3. A strong city is very dependent on a strong economy as a basic condition for employment. New jobs must primarily be created by the market sector. With companies becoming increasingly footloose, policies are being aimed at creating favourable location factors. Commercial sites and obsolete office buildings are being redeveloped and sufficient new sites and offices are being developed to attract new businesses and allow existing ones to expand. Attention should be drawn here to the establishment of very large shopping centres in towns and cities and in the outskirts of urban areas. Opinions differ, at both local and regional level, as to the impact of these shopping centres on neighbouring town and city centres. A study should be carried out to investigate the benefits and drawbacks of these shopping centres in order to establish a clear picture of the situation. When carrying out this assessment the basic criterion has to be that such shopping centres should strengthen the urban economy as a whole with a view to maintaining or, as the case may be, restoring the shopping facilities and businesses established in towns and cities.

4.2.4. Cities' efforts seem to be concentrated on acquiring a few very large international companies, but often the small and medium-sized companies that serve the local or regional market are more important. They are fundamental for economic growth. Local governments can act as incubators, promoting entrepreneurship and innovation, supporting the setting up of new businesses and making sure they do not take their business elsewhere. Increasing attention is being paid to entrepreneurship and to the development of new businesses in the most deprived neighbourhoods. Local and regional development should thus be created primarily from within.

4.2.5. More and more cities in Europe are taking a strategic, long-term approach to economic development. In the first place, they are concentrating on improving the general economic climate and especially on removing the competitive disadvantages in the city or region. The negative consequences of government action are the first to be dealt with. The strategies will be based on the opportunities that can be found in the city or the wider region. They are increasingly characterized by a targeted development. With this kind of specialization, better use is made of available resources. Furthermore, it builds on the existing infrastructure and image of the city. Not every city can become a Silicon Valley or develop an airport. These strategies thus aim to improve the conditions for existing companies and become attractive for newcomers.

<sup>(1)</sup> COM(97) 197 final, p. 13.

4.2.6. Infrastructure is a fundamental location factor that cannot be completely controlled by local policies. Major infrastructure is primarily a national concern, and the development of trans-European transport and telecommunication networks (TENs) makes it an international matter. It is of crucial importance that cities and regions, no matter what their size, are linked to the TENs, either directly or indirectly, by national networks.

4.2.7. Equally important is the internal accessibility of the urban region. Increased mobility has resulted in unacceptable forms of congestion. Local and regional transport has to shift from the private car to other modes of transport and ring roads need to be built. Local government's policies therefore aim to make public transport more attractive, reroute traffic around cities, discourage car use and develop special bicycle facilities. These policies are increasingly developed from a regional perspective, especially in the more urbanized regions. Necessary infrastructure through dense areas should be integrated into the urban tissue with a minimum of nuisance for the surrounding neighbourhoods.

4.2.8. The need for revitalizing the city through stronger urbanization within city boundaries and economic growth can strain the urban environment, which in turn will have a negative impact on the city's vitality. Environmental quality in itself is increasingly seen as an important location factor. The key to urban development is, therefore, to keep the balance. Local authorities try to accomplish this by a sustainable approach to urban development, tackling economic, social and environmental issues in an integrated way.

4.2.9. In attracting inhabitants, visitors and companies to the city, the city's image is becoming more and more important. Image is important for both an historic city and a city with modern architecture, for a tourist city and a business city. One aspect of a more strategic approach to urban development is therefore to build on the specific character and image of the city. Through city marketing, local authorities propagate their image; be good and tell everyone about it.

### 4.3. *Creating valuable districts*

4.3.1. For a compact city it is most important to create a city in which people like to live, work and spend their leisure time. Furthermore, the information society will cause a shift towards working where one lives i.e. the home environment. Some cities are more successful in retaining their population than others, and certain cities attract considerably more newcomers than others. The basis for a vital city is, therefore, the social and

cultural diversity of its population. People that have left the city because it has become unsafe, unclean or unhealthy need to be won back. Local authorities therefore aim to improve the quality of life with 'clean, intact and safe' forming the basic conditions, but also by investing in the intellectual, social and cultural capital of its population.

4.3.2. To attract households with a strong socio-economic basis, it is necessary to improve the quality of housing in many cities. This should not be accomplished merely by building new housing estates but rather by creating more diverse housing in existing urban areas, and especially those faced by deprivation. Of course, this will only be successful if the overall quality of life in these districts improves.

4.3.3. Improving the quality of life in cities often requires an improvement in the public space, green areas and recreational facilities. Cities are therefore investing heavily in the quality of this public space and making better use of the green areas available. Where possible, new green areas such as urban parks and green cycle and pedestrian routes are being developed. Furthermore, cities are increasingly investing in a green region with the necessary public transport links.

4.3.4. Often cities can be dirty. Litter, dog dirt, graffiti and vandalism constitute a public nuisance and deter visitors and potential newcomers. Keeping the city clean is an important civic responsibility. Local governments need, first of all, to provide sufficient facilities to dispose of waste. However, it is equally important to inform the public and take strong measures against offenders. With regard to environmental sustainability, it also requires the promotion of recycling by providing the necessary facilities for the separation of waste.

4.3.5. Many people feel unsafe in cities, especially in the larger ones. Burglaries, housebreaking, thefts, robberies, violence, hooliganism and drugs-related crime make cities feel unsafe. Negative images of cities as domains of crime increase subjective feelings about the lack of safety. In particular, the lack of opportunities for the youth in deprived neighbourhoods with high unemployment, can result in disorganized ways of life such as dealing in drugs and committing other crimes. Combating and preventing crime, with special attention to drug-related crime, is a first priority. Equally important is the need to improve the opportunities in deprived neighbourhoods. Reducing crime does not

necessarily result in people feeling safer, however, more police on the streets, security officers in public transport, and improved lighting and maintenance of public space does. City policies are therefore geared towards regaining the public domain. This requires a long-term approach and close monitoring to prevent problems moving to other neighbourhoods.

4.3.6. Cities take different approaches to urban revitalization. This varies from urban renewal (demolish complete neighbourhoods) and fighting deprivation to various forms of social renewal (i.e. promoting own initiative and responsibility) and stimulating the local economy. Recently, some local authorities have started experiments to combine these different strategies into an integrated area-based approach that puts the stress on the recovery of economic resilience and opportunities rather than on the problems.

#### 4.4. *Improving citizens' participation*

4.4.1. Many cities have experienced extensive physical renewal, while at the same time experiencing social decay. The challenge is to further develop the 'social renewal' of cities. Already, considerable efforts have been made in several fields such as education and training, the integration of newcomers, integrated safety policy and youth policy. Nevertheless, cities have not yet been able to turn the tide. Short-term ad hoc policies are not desirable. They will only result in a political culture of volatile policy with a lack of continuity. Local authorities prefer to focus on restoring the social fabric by stimulating citizens' involvement and participation in society.

4.4.2. Unemployment is probably one of the most serious problems of the cities. The discrepancy between supply and demand is particularly difficult to resolve. Creating new jobs is primarily up to the market sector. However, this has not provided enough jobs for the local labour force. Local authorities' policies are aimed at integrating the unemployed into society. Many potential jobs can be found in public services; however, these jobs often represent additional work designed to improve the quality of life in towns and cities, without being commercially viable. Examples of such jobs include street-sweepers, security officers in public transport and police assistants. The success of these types of policies is largely dependent on the available funds. A substantial number of jobs can be created especially when social security benefits can be used, but not enough to create full employment. Those who remain unemployed are

encouraged to do voluntary work in order to remain involved in society.

4.4.3. The key to future employment is education, training and mobility. Urban policies try to encourage citizens to increase their level of education and training, and are aimed at creating easily accessible facilities at a local level. Those people who have had inadequate education should have the opportunity to catch up. Equally important are policies aimed at discouraging early drop outs. Youngsters in particular need intensive supervision, and special attention is also given to the integration of newcomers who can face both language and cultural barriers. Furthermore, urban policies try to build bridges between the educational institutions and businesses in order to bring education more in line with the labour market. Finally the particular problems of the long-term unemployed, those over 50, must be taken into account. They should be given the possibility to choose between vocational training and training aimed involving them in non-vocational, social, local organizations. This 'social investment' will lower feelings of social redundancy, at the same time increasing the quality of the social infrastructure.

4.4.4. Cities are more than just economies. They represent — apart from political ideologies — a societal model that brings together large groups of very different people, often strangers to one another. With so many people in a small place, urban societies can only function when they are, to some extent, predictable and controllable. Local authorities and citizens thus set and comply to many rules, whether formally or informally, to ensure that urban life functions through order: social, normative, economic and spatial.

4.4.5. Changes to the population, urban renewal, the individualization of society and feelings of insecurity have had a severe impact on how citizens interact. Social norms are no longer self-evident to all members of society. City policies try to restore this social fabric at the neighbourhood level. Social investments consciously devote time, effort and money into the social quality of the city and to improve the citizens' ability to do things independently, through improving community spirit and local initiatives. A neighbourhood approach encourages citizens to cooperate and address their responsibilities.

4.4.6. Special attention is given to the needs of socially vulnerable groups, i.e. youth, elderly and migrants. In cities, dropping out of school and crime rates among youngsters are considerably higher than the national average. Youngsters need strong coaching and monitoring, at the school and also during after-school

hours, and they should be encouraged in sports or other social activities. When completing their education, young people should be guaranteed a (subsidized) job rather than face unemployment. Migrants are a growing part of the population, often concentrated in deprived neighbourhoods. It is of vital importance to include them in our society by offering education (both the national language and vocational skills), jobs and housing. Integration is the responsibility of both the new resident and the existing urban society. The proportion of the elderly in the European population is increasing sharply. Although this is not a problem just for cities, the large number in the cities nevertheless requires special facilities, easy access and safe districts.

4.4.7. People living in deprived neighbourhoods or city districts often face health problems. There is a direct relation between public health and education, income, quality of life, employment, etc. Urban policies can thus strongly influence public health by improving these factors. Supporting measures are aimed at monitoring the effects of local policies on public health and taking stock of unhealthy local conditions that call for joint action. Furthermore, policies are aimed at health education and prevention at the local level. Special attention is given to health education 'to and by' the elderly or migrants.

## 5. A new approach to urban policy

### 5.1. *The need for a new approach*

5.1.1. In its own-initiative Opinion 'Urban development and the European Union' the Committee of the Regions stressed the absence of a specific reference to urban areas in the Maastricht Treaty, which has not been corrected by the new Treaty. Until now, there has been no strategic vision concerning urban development, and this has resulted in the adoption of uncoordinated measures. Furthermore, there are no explicit provisions for the effective coordination of EU policies on transport, the environment, public health and economic development in urban areas. Implicitly, however, a European urban policy already has a basis in Article 2 of the Treaty. This states that one of the tasks is '... to promote throughout the Community a harmonious, balanced and sustainable development of economic activities ...' and '... the raising of the standard of living and quality of life, and economic and social cohesion and solidarity among Member States'.

5.1.2. The analysis of the role of cities shows that cities have, in the past, played a crucial role in achieving the 'grand principles' of Article 2. Therefore, the often severe problems currently faced by cities are a serious threat for the future well-being of Europe. If the trend is not reversed, Europe will fail to meet its principal objective of cohesion. For several reasons, local authorities have not been able to tackle these problems sufficiently. According to the subsidiarity principle, urban policies should be a national concern. A number of Member States have already developed urban policies to a greater or lesser extent. Subsidiarity does not however, mean that the other tiers of authority can avoid their responsibilities. This is also not the case as regards other policy areas in which the EU plays an active role. The European Union should be stimulated to coordinate and integrate its measures affecting urban areas, to improve their effectiveness and efficiency. Therefore, the Committee of the Regions calls upon the European Commission to develop an urban policy that is complementary to national urban policies aiming at improving social cohesion in urban areas. This is also a matter of concern to the EU. At the same time this European urban policy should act as an incentive for more structural cooperation at the level of the functional urban region between local authorities.

5.1.3. With urban issues now so clearly on the European agenda, both through the Commission's Communication 'Towards an Urban agenda in the European Union' and the Agenda 2000 proposals, it is no longer a question of 'Urban policy or not'. There must definitely be a comprehensive urban policy in the near future and attention must now be paid to its content. Once urban policy is given more attention within the EU and is also (more readily) seen to operate at EU level, a paragraph on urban policy is bound to be included in the Treaty.

5.1.4. Aid for specially vulnerable areas in major cities is an entirely new feature of European structural policy. Hence the application of state aid rules<sup>(1)</sup> is a somewhat clumsy instrument in countries with a small population and low population density since these rules were tailored to regions and not urban areas.

The Committee of the Regions therefore requests the Commission, when applying assistance in urban areas, to take into account special regional circumstances. In certain areas with a low population density, the Committee of the Regions asks the Commission to find ways to make exceptions to the fictitious criterion of 100 000 inhabitants.

<sup>(1)</sup> OJ C 74, 10.3.1998, Article 3(10)(3).

## 5.2. *An integrated approach*

5.2.1. The present approach to urban areas is primarily a sectoral one. Several EU measures have an impact on cities, however, very few directly target urban issues and, when they do, local authorities do not always have a say in how they are implemented. In fact, in several Member States local authorities are not given the opportunity to tackle these problems because many of the traditional functions are increasingly being given over to non-elected agencies. As well as these EU measures, cities are confronted with policies and programmes from regional and national governments and it is the responsibility of local governments to implement this myriad of incoherent, and often conflicting, measures into their own policies. The major challenge faced is to realize policy integration on urban issues at all administrative levels. In other words, an effective European urban policy is needed to complement integrated national urban policies.

5.2.2. The key to a European urban policy, as well as to national policy, is to take a 'bottom-up approach', i.e. the point of view of local authorities. Local and regional authorities are best placed to deal with a multitude of issues, problems, organizations and policies that require a multi-sectoral and coherent approach. Furthermore, cities (especially those on the 'international level') are among the first to experience both the problems and the opportunities that will be decisive for the future of Europe. It is also necessary that policies which are developed for the benefit of cities, should cater as much as possible for local needs. Therefore, the Committee of the Regions believes that local governments' experience should be at the core of the development of an integrated European urban policy.

5.2.3. To actually develop an integrated urban policy, a clear framework based on a European vision and a strategy on the socio-economic functioning of the European urban system is required. This framework should take into account the fact that urban regions increasingly function as part of one interdependent system. The framework should reflect the different types of cities in Europe, from the major cities at the heart of Europe to the more peripheral cities, particularly those driving large regional economies. This system is being further advanced by European integration, a European infrastructure and the need for spatial specialization; however, it should also reflect the need for more balance, and stronger relations, between the cities and their wider regions. The lack of an adequate vision on the desired

development of cities in Europe shall lead to sub-optimal decisions and undesirable developments from a European perspective. The European Spatial Development Plan is a first step in recognizing this.

5.2.4. A European framework on urban development should also take into consideration the fact that cities act as motors behind regional, national and European growth — particularly for metropolitan and capital regions — and as international gateways linking Europe to the global market. Furthermore, it should address European-wide questions on issues such as unemployment, social exclusion, urban regeneration, sustainability and mobility, education and training, youth, the elderly, migrants, safety and public health. It must also take into account how all these questions interact with each other on the local level. Special attention should be paid to the practical ideas that emerge from the local level, such as local community involvement.

5.2.5. This framework should thus create the necessary conditions to fully develop the urban potential in Europe. It should also be flexible enough to take national policy measures and regional differences into account in order to ensure complementarity to cater for custom-made implementation.

5.2.6. Once a European framework on urban development is established, it is relatively easy to develop an urban perspective in the more sectoral European Union policies. As stated by the Commission, these should play a complementary role and fully correspond to actions at other levels of authority. Therefore, current measures affecting cities need to be adopted into the overall vision and strategy while new policies and programmes will have to be tested against it. The result will be a much more targeted application of sectoral measures and thus a more effective and efficient use of Community resources.

## 5.3. *A knowledge-based approach*

5.3.1. The Committee of the Regions acknowledges that 'there is an increasing need for significant and comparable information about cities, particularly amongst local and other public authorities'<sup>(1)</sup>. Comprehensive regional and urban information is indeed a prerequisite for adequate urban management. Several local authorities have already developed such 'barometers' that measure the quality of life in a city, and these are often customized to local circumstances. These systems identify needs and trends and allow for a reliable

<sup>(1)</sup> COM(97) 197 final, p. 16.

monitoring of the effects of policies. However, the Barcelona declaration on the need for a European system of local quality of life indicators<sup>(1)</sup> also states that 'the current statistical data and indicators of quality of life are clearly inadequate in both quantity and contents' (point 2). Therefore, 'A European system of local and regional indicators of quality of life' (point 3) is required.

5.3.2. The Committee of the Regions has stressed the need for comparable standards: 'The European Commission's proposal to launch an urban audit in the near future is a first practical step in this direction'. This audit focuses on 58 cities, 8 conurbations and 21 wider metropolitan regions. It is based on a simple, rather general set of indicators that primarily aim to measure the quality of life in the city. The Committee of the Regions however, believes that the proposed system should be more detailed in order to achieve the required results and it must take into account the specific local and regional circumstances. Furthermore, the information should reflect the functional urban region, as suggested in chapter 3 of this opinion, rather than being based on administrative borders. These principles will be key elements of the Committee of the Regions' study on the present state of indicators for the main European towns and cities and their correlation at regional level.

5.3.3. Although adequate statistical data and indicators are important for the decision-making process, local authorities are particularly keen to learn about each others' policies and projects. The Committee of the Regions therefore suggests to build on the good practices of local authorities and actively promote the exchange of experience between local decision-makers and urban managers. Local governments themselves must play a leading role in these processes. The Committee would, however, emphasize that the cross-border exchange of information on urban development should take place with the active approval and involvement of towns and cities — and where thought desirable — of associations representing towns and cities participating in this cross-border exchange of information.

5.3.4. This exchange of experience has been the primary reason behind the founding of large numbers of city networks, differing from 'simple' city twinning to highly complex forms of cooperation on specific topics. The Committee of the Regions welcomes the Commission's intention to provide support and incentives for these international urban partnerships. The Committee of the Regions believes, however, that it is necessary to promote a stronger concentration and coordination of these networking activities. It is vital to build on the experiences and expertise already gained and the structures already set up. The Committee of the Regions, especially with its enhanced competencies, is the ideal platform for realizing this.

5.3.5. The Committee of the Regions fully agrees with the Commission on the need to improve cooperation between local authorities in different parts of the world. From the point of view of developing aid, supporting local democracy, but also exchanging experience with other well-developed local authorities, this type of networking should be strongly promoted.

5.3.6. The Commission has stressed that urban indicators will not be used as a selection criterion for Structural Funds support. At the same time, it has suggested that as a second stage these indicators could 'enable a better assessment of the impact of various national as well as European policies, on the development of urban areas.' The Committee of the Regions has stressed that a future European system of local and regional indicators could indeed 'play a pivotal role in identifying urban and regional policy objectives and in establishing, implementing and following up the measures designed to meet them'. It must be assured however, that the indicators used to determine the eligibility for Structural Funds' support are different from those used to implement and monitor the programmes.

5.3.7. The Committee of the Regions considers it essential that research is undertaken on the future nature of cities vis-à-vis the impact of information technology, the changing nature of work, advances in transportation and heightened environmental awareness. In this respect it welcomes the inclusion of 'The city of Tomorrow' objective in the fifth framework programme and calls for more research on such issues in the European context.

#### 5.4. *The role of the Structural Funds*

5.4.1. Research on the 'Regional and Local Government in the European Union' shows that local and regional tax revenues and general income, resulting from national policies are the most important source of revenue for local governments. The national policies concern programmes that address general social issues. However, the concentration and accumulation of these social issues in the larger cities and urban regions demands a more targeted application. Regeneration policies encompassing spatial and infrastructural policies to (re)develop housing estates, business sites and infrastructure are dependent on national priorities and resources that aim at strengthening the position of economic centres in an internationally competitive environment. There is the need for a stronger urban orientation in these general policies. In this way, urban problems and opportunities are addressed by structural improvements at both the macro and micro-level. European policies should be complementary to these

<sup>(1)</sup> CdR 138/97 fin.

national policies. By focusing on the micro-level, i.e. the most deprived urban districts, these complementary measures from the European Union can provide the necessary support and stimulate the development of a new orientation on urban and regional development in Europe.

5.4.2. The most significant impact of EU-policies on cities, at least in financial terms, results from the Structural Funds. However, there has been insufficient recognition of the specific needs of urban areas. The Committee of the Regions therefore supports the Commission's suggestion that paying 'greater attention to urban development in future strategy building and programmes could result in an integrated strategy between actions in urban areas in their wider regions, as well as in terms of economic and human resource development' <sup>(1)</sup>.

5.4.3. However, this approach still only focuses on cohesion between regions. The First Cohesion report (1996) stressed the need for stronger cohesion within and between cities: 'There is a real danger of further fragmentation within European cities, rising unemployment and social exclusion being accompanied by a deeper divide between haves and have-nots. In some Member States, the urban problem is already regarded as the major challenge to national cohesion. A more focused approach may also be necessary at Union level' <sup>(2)</sup>.

5.4.4. The Committee of the Regions therefore welcomes Agenda 2000 that considers 'urban areas in difficulty' as one of four key elements of a new Objective-2 that 'will favour economic diversification including in regions heavily dependent on a single declining economic sector. This will require increased support for small and medium-sized enterprises and innovation as well as a greater emphasis on vocational training, local development potential, the protection of the environment and combating social exclusion, particularly in urban areas in difficulty'. Furthermore, 'Combating social exclusion' has been defined as one of the four areas of activity within the horizontal Objective 3. Since social exclusion is concentrated in urban areas, the new Objective 3 must thus include an urban dimension <sup>(3)</sup>. On the other hand, Agenda 2000 has not put forward the need to stress for a stronger urban

focus within the regional Objective-1 programmes. The Committee of the Regions believes that a balanced European urban policy must include cities and urban regions that are covered by both Objectives 1 and 2 and underpin EU assistance in various regions not eligible for regional support from the Structural Funds.

5.4.5. Agenda 2000 suggests that the highly successful Community Initiative Urban should not be continued but should instead be incorporated into mainstream programmes. This will allow for building on the success of Urban while putting additional emphasis on job creation and combating social exclusion. The Committee of the Regions additionally wishes to stress the importance of programmes dealing with new needs of cities. The Article 10 Urban Pilot Projects and, to a larger extent, the Community Initiative Urban, have already proved to be successful at dealing with these new needs. The traditional Objective-programmes are focused on a regional basis, however, Urban is targeted at pockets of deprivation, and aims at improving urban cohesion. The Committee of the Regions believes that the effect of these approaches, that have been beneficial to many cities, must be studied, particularly examining how they can act as catalyst for urban development. The Committee of the Regions firmly believes that this approach must be continued, independent of the proposals for a new Objective 2.

5.4.6. The Committee of the Regions fully supports the Commission's proposals for greater concentration. At present, Objectives 1, 2, 5b and 6 cover 51 % of the Union's population. Future Structural Funds should target that section of the population facing the worst possible circumstances, and this should include those people living in Europe's most deprived urban districts. This type of geographical targeting is also being pursued by Urban and has proved to be an effective use of European funding.

5.4.7. The proposal to simplify the financing system through a single programme per region is highly welcomed. Local governments in particular were often faced with contradictory regulations from the different European funds, and sometimes a specific project that was eligible under one fund could be non-eligible under another. The end result was often the withdrawal of a potentially successful project. These incoherences in Structural Fund regulations form a barrier to the integrated approach which has to be removed.

5.4.8. In Agenda 2000, simpler and more transparent eligibility criteria are also proposed for each type of area covered by the new Objective 2. These eligibility criteria should take account of relevant socio-economic criteria,

<sup>(1)</sup> COM(97) 197 final, p. 16.

<sup>(2)</sup> COM(96) 542 final.

<sup>(3)</sup> COM(97) 2000 final, p. 22.

unemployment levels and the degree of social exclusion. The Committee of the Regions believes that the criteria for urban areas which aim at social cohesion include criteria on the quality of life and sustainability. Finally, these criteria should recognize urban dynamics and the different characteristics of cities in different parts of the Union.

### 5.5. *Institutional aspects*

5.5.1. A new approach to urban policy needs to be fully reflected by the European Institutions. This particularly concerns the European Commission as it is responsible for the actual preparation and implementation of a European urban policy. However, at present, there is only an informal Interservice Group on urban issues. This informal structure relies too much on a sense of willingness, whereas in the new system, urban policy must be a key responsibility.

5.5.2. The current 'Modernization of Administration and Personnel policy' (MAP 2000) provides the opportunity to realize a more appropriate and formalized structure. The Committee of the Regions suggests this could be achieved by establishing an interdisciplinary team, preferably within the Directorate General for Regional Policy and Cohesion. This team would be responsible for the development of the suggested strategic urban framework. Furthermore, it should also be made responsible for testing (new) sectoral policies and programmes against this framework.

5.5.3. The Committee of the Regions believes that this formal administrative structure should ultimately be completed by assigning a European Commissioner overall responsibility for urban policy and the necessary budgets. The proposed new Objectives 2 — for urban areas in difficulties — and 3 — combating social exclusion — and innovatory programmes like Urban and the Article 10 Urban Pilot Projects are the most obvious programmes for inclusion.

5.5.4. The Committee of the Regions believes that the increased attention to urban issues and the suggested, more formalized, structure for the European Commission should have democratic support. At present, urban issues are mainly dealt with in the European Parliament's Committee on Regional Policy, particularly when Structural Funds are involved. However, urban issues are also handled in other Parliamentary Committees from a more sectoral point of view. In the past, there has been an Intergroup of Local and Regional Representatives of the Political Groups that has played

a crucial role in putting urban issues on the European agenda.

5.5.5. Prior to the implementation of the Amsterdam Treaty, the Committee of the Regions would like to suggest that the European Parliament consider creating a more structured platform for urban issues. Ideally, this could take the form of a new Committee on Urban Policy. For the time being, the Committee of the Regions wishes to express its intention to work closely with the European Parliament in the preparation of the Urban Forum and the White Paper on Urban Development.

5.5.6. The European Union's two advisory bodies are already equipped to address urban issues effectively. The Committee of the Regions wishes to support the Economic and Social Committee in continuing its work on the European urban agenda. The Committee of the Regions itself will continue to develop the urban agenda within its Commission 4 — 'Spatial planning, urban issues, energy, the environment'.

5.5.7. Finally, the suggested new approach to urban policy should also be reflected by the European Council. The Committee of the Regions was particularly pleased with the initiative of the Dutch Presidency and the conclusions of the Noordwijk Council on Urban Policy. The willingness to further develop the agenda, give an additional impulse to the exchange of experiences and convene a second meeting during the Presidency of the United Kingdom is highly welcomed. The Committee of the Regions would like to suggest that the Council continue this work in a structured way, preferably by continuing to hold Council meetings on urban policy on an annual basis.

5.5.8. To benefit fully from the discussions within the different institutions, the Committee of the Regions would like to suggest that inter-institutional meetings be convened on a regular basis. Furthermore, a meeting with special interest groups could be held once a year. The proposed Urban Forum could be the first of such meetings.

5.5.9. The Committee of the Regions appreciates the intention of the European Commission to set up an expert group to help assist in the preparation of a White Paper on Urban Development. The Committee of the Regions believes that such a group should not only consist of experts from the various Member States and experienced urban researchers but the involvement of experts from local authorities is equally important.

5.5.10. The need for an integrated European urban policy does not mean that other tiers of authority should no longer aim for further policy integration. National

policies in particular have a profound impact on cities. Local authorities are financially dependent on their national governments for fulfilling their responsibilities. As a result of budgetary restraints, a stronger coordination of more general sectoral policies becomes increasingly important. Therefore, the Committee of the Regions wishes to encourage the European Council in promoting more deep-rooted policy integration and genuine national urban policies.

5.5.11. Local and regional authorities will benefit significantly from policy integration at the national and European level. It will greatly reduce the burden of coordinating the wide variety of regional, national and Community policies and initiatives which exist at present. However, local authorities themselves must also make a renewed effort to apply the available resources as effectively and efficiently as possible.

5.5.12. Local authorities must tackle their problems and utilize their opportunities at the most appropriate level; i.e. closest to the citizens. Many of the cities' problems are concentrated in specific neighbourhoods and solutions also need to be sought at the neighbourhood level. Public health, social inclusion, education and public safety require custom-made solutions. On the other hand, policies required to boost the economy, create jobs and promote public transport need to be developed at the city level or within the wider conurbation. It must also be noted that problems in certain neighbourhoods can only be tackled in surrounding areas or in the wider conurbation. At the same time it must be ensured that these problem areas are able to benefit fully from developments in their more prosperous, surrounding areas. Structural Fund support could prove to be a valuable incentive to improve this urban cohesion.

5.5.13. Tackling problems at the neighbourhood level should be done within the competencies of local authorities. However, for several cities, this is the preferred, rather than the actual, situation. Furthermore, the administrative boundaries of local authorities usually fail to coincide with their functional urban region. Where possible, more permanent and binding forms of cooperation between the local authorities should be actively pursued, and necessary structures set up.

5.5.14. At the same time, local authorities should concentrate on their core responsibilities, deliver quality services, value for money and constantly reflect the changing concerns of society. They must improve the

sometimes eroded relationship with their citizens, which is largely based on trust. Citizens should become stakeholders in the urban society.

5.5.15. To address all these issues, cities have to organize themselves. Local authorities must first of all bring together the local organizations, whether public or private, to mobilize knowledge, competency and energy. Cooperation within the wider conurbation requires strong partnerships between the local authorities. Equally important are the relations with the regional and national governments and the European Union. Urban policies and programmes should be set up, implemented and monitored in partnership with the local authorities, to truly take into account the expertise and knowledge available at the local level. This organizing capacity of local authorities also implies a new style of urban management which is able to draw up urban development strategies and create the necessary coalitions.

## 6. Conclusions

6.1. The Committee of the Regions warmly welcomes the European Commission's communication that takes the initiative to start a debate on a future urban agenda in the European Union. This communication fully reflects the renewed attention to our cities and the need for Europe to become closer to its citizens. It is a major step forward in becoming conscious that Europe's urban areas are indeed the motors of economic growth, prosperity and culture, but that they also face the most serious problems of modern society. The Committee of the Regions believes that it is now time for a European-wide debate and therefore strongly supports the intention of the European Commission and the Council of Ministers to set up an Urban Forum in 1998. The results of this debate should be further developed into a White Paper on Urban Development.

6.2. Cities are multi-faceted and multi-dimensional. On the one hand, they are the engines of regional and national economies. On the other hand, these cities, and more specifically certain urban districts, are suffering serious decay because of social, economic and environmental problems. High levels of unemployment, poverty, poor living conditions and lack of safety, result in social exclusion and segregation. This increasingly threatens the social and economic vitality and cohesion of our society. The Committee of the Regions strongly believes that this process must be reversed. Cities must again become the places where we want to live, raise our children, and spend our leisure time.

6.3. The Committee of the Regions is convinced that there is a strong need for an improved relationship

between cities and their wider regions. This strong interdependency is reflected by the concept of the functional urban region (FUR). This concept should be universally valid, irrespective of the size of cities, and should be the starting point for a future European policy. The main challenge is to develop a European urban policy in such a way that cities and their regions of all sizes and characters are included. The European Spatial Development Perspective (ESDP) is an initial response to this challenge which should be enhanced by the transnational seminars organized by the European Commission.

6.4. The Committee of the Regions agrees that several Community instruments already have a considerable impact on urban development. However, this is not the same as a European urban policy that co-ordinates and integrates Community actions and is specifically aimed at cities and their inhabitants. In several of its opinions, the Committee of the Regions has already suggested how the local and regional perspective should be included in specific Community policies and programmes. What is needed today is a new overall approach to urban areas. This should primarily be the responsibility of local authorities, with the support of, and in partnership with, regional and national authorities. The Committee of the Regions stresses the need for policy integration on urban issues at all administrative levels. In this regard the development of an integrated national urban policy in all Member States is a high priority. To achieve its principle objective of cohesion, the European Union should develop an urban policy that is complementary to these national policies and reflects the need to align Community policies and action plans already affecting cities more closely with the cities' needs, while heeding the subsidiarity principle.

6.5. The Committee of the Regions believes that a new approach to urban issues requires, first of all, a clear framework for urban development. This framework should be based on a vision and strategy on the future role of cities. It should reflect the spatial effects of European integration, specialization and trans-European networks. However, it must also address a range of European-wide questions regarding unemployment, social exclusion, urban regeneration, sustainability, mobility, safety, education, youth and public health. In order to ensure complementarity, the framework needs to take into account national policy, and it also has to be flexible enough to take into consideration regional differences that call for tailor-made implementation. When such a framework has been devised, present (sectoral) policies and programmes affecting cities will need to be adjusted and new Community measures will have to be tested against it. The Committee of the Regions is convinced that this will substantially

improve both the effectiveness and efficiency of Community resources, as well as the transparency of EU-policies.

6.6. The Committee of the Regions advocates a European urban agenda that is based on the experiences of local authorities, as it is at the local level that numerous sectoral measures have to be implemented on a day-to-day basis. Furthermore, cities (and especially the major cities and urban regions) are among the first to be confronted with both the problems and opportunities facing modern society. Experiences from the local level show that strengthening the economic structure must form the backbone of any urban policy. However, it is also very clear that this can only be realized by parallel initiatives to strengthen the social infrastructure: education and training, quality of life, safety and care, particularly aimed at the socially excluded. In other words 'developing a strong city, creating valuable districts and improving citizens' participation'.

6.7. A European urban policy should facilitate an integrated, co-ordinated and more targeted approach to urban issues. Furthermore, it should be knowledge-based to identify needs and trends and allow for reliable monitoring, and therefore be independent of the criteria used for allocating funding. As well as including statistics, it should include information on specific policies and projects to improve policy-making for urban areas. The Committee of the Regions also believes that there is a strong need for partnerships between the different levels of government, as well as with the private sector, educational institutions and various actors at the city level. This partnership should be supported by effective participation in urban networks, building on their experience and proven structures. This partnership also requires stronger concentration and co-ordination of network activities, which could be realized within the framework of the Committee of the Regions.

6.8. The Committee of the Regions firmly believes that urban policies should emphasize long-term social-economic recovery and be linked to the inherent potential of urban districts, in order to bring life back to these areas. This revitalization from within, first of all requires better targeting, both geographically and thematically, concentrating on the worst deprived city districts, as has already been stressed in the First Cohesion report. The Committee of the Regions therefore supports the proposal in Agenda 2000 to include urban issues in the mainstream under a redefined Objective 2 aimed at economic and social restructuring. This will provide the opportunity to build on the successes of Urban whilst putting additional emphasis on tackling unemployment and encouraging social cohesion. It must be noted however, that a stronger urban focus within the regional Objective 1 programmes is equally important. At the

same time a European urban policy must also include urban areas not eligible for regional support for instance by including the programmes to combat social exclusion from the horizontal new Objective 3. Furthermore, the Committee of the Regions wishes to emphasize the importance of programmes dealing with new needs of cities. The success of innovative approaches established under Article 10 Urban Pilot Projects and Urban requires that a substantial programme on Urban Development is maintained.

Experience with innovative approaches (Urban Pilot Projects and Urban) today gives towns, experts and leaders of associations the opportunity to enhance their knowledge of developments in the other EU States. Such knowledge is necessary today. Exchange arrangements must be put on a structured, long-term footing. The Committee of the Regions urges the Commission to encourage exchanges of know-how and to involve experts, associations, local community leaders and academics. Exchanges must equip these players better to meet the challenges and to get to grips with a European urban policy. The players have a wide range of roles and are crucial components for the success of an urban policy. They are the harbingers of the trades and professions of tomorrow. Reflection/action on the training of urban players must reconcile individual and collective skills: multi-disciplinary teams, local elected representatives and activists in community associations.

6.9. The realization and implementation of a European urban policy also requires changes to the Institutions. The Committee of the Regions suggests that the European Commission should establish an Interdisciplinary team within the Directorate General for Regional Policy and Cohesion and allocate overall responsibility to one Commissioner. The Committee of the Regions believes that this structure should be supported by an urban expert group with experts drawn from the Member States and urban researchers, and involving the expertise of local authorities. This structure requires the democratic support of the European Parliament. The

Committee of the Regions' Commission 4 'Spatial planning, urban issues, energy, the environment' and the Economic and Social Committee's 'Section for Regional Development and Town and Country Planning' could serve as models of such a group. Furthermore, the Committee of the Regions believes that the initiative of the Urban Council needs to be continued in a structured way, in order to realize policy integration, de-compartmentalization and genuine urban policies at all administrative levels. The Committee of the Regions is convinced that a European urban policy can only be accomplished by close cooperation between all Institutions and their advisory bodies.

6.10. A European urban policy also requires a number of changes at the local level. The Committee of the Regions wishes to encourage local authorities to undertake a renewed effort to make better and more targeted use of available resources. Urban issues need to be tackled at the level closest to the citizens. Often, this is at the neighbourhood level but some of the problems and opportunities require answers at the city level or within the wider conurbation. For many cities this will involve a restructuring of the administration in order to develop more permanent and binding forms of cooperation within the region. However, the Committee of the Regions believes that this also requires a new style of urban management, that mobilizes knowledge, competence and energy from all organizations, whether private or public, and regards citizens as stakeholders of the urban society.

6.11. Making the choice to develop vital and sustainable cities for the 21st century is not only an urban concern, but is of crucial national and European importance. Strengthening urbanization demands perseverance. Dealing with urban issues — which is in itself a relatively recent phenomenon — has in the past suffered all too often from constant policy changes and volatility. A new, co-ordinated and integrated European approach founded on cities in their regional context and their citizens is now required. A citizens' Europe begins in our cities.

Brussels, 14 May 1998.

*The Chairman  
of the Committee of the Regions*

Manfred DAMMEYER

## Opinion of the Committee of the Regions on 'Urban cultural tourism and its employment impacts'

(98/C 251/05)

THE COMMITTEE OF THE REGIONS,

having regard to the decision of its Bureau on 11 June 1997, pursuant to Article 198c, paragraph 4 of the Treaty establishing the European Community to issue an Opinion on urban cultural tourism and its employment impacts and to direct Commission 4 for Urban Policies to undertake the preparatory work;

having regard to the Opinion of the Committee of the Regions (CdR 206/96 fin)<sup>(1)</sup> on the Report on the consideration of cultural aspects in European Community action<sup>(2)</sup> and its Opinion (CdR 69/97 fin)<sup>(3)</sup> on the Communication from the European Commission on cohesion policy and culture — a contribution to employment<sup>(4)</sup>;

having regard to the European Commission's Communication 'Towards an urban agenda in the European Union'<sup>(5)</sup> and the Commission proposal for a European Parliament and Council Decision establishing a Community initiative for 'the European city of culture' event<sup>(6)</sup>;

having regard to the draft opinion (CdR 422/97 rev. 3) adopted by Commission 4 on 14 January 1998 (rapporteur: Ms Freehill);

whereas the value of an urban area's culture has long been recognized as a valuable tool in urban regeneration, in terms of enhancing the reputation of cities, contributing to physical development, boosting tourism and softening the impacts of economic restructuring, its potential has never been fully or explicitly recognized in urban policy.

Adopted at its 23rd plenary session (meeting of 13 May 1998) the following opinion by a unanimous vote.

### 1. Introduction

1.1. The diversity of cultural heritage and the vitality of artistic and cultural creation in Europe are one of its most valuable assets. Increasingly urban areas are regarded as elements of the national cultural heritage and as cultural and tourist centres of interest. Conservation of this heritage and the quality of its cultural attractions contributes to the appeal of urban areas and has thus acquired an economic value, as a locational factor for investment and as a source of urban tourism. While the European Commission has recognized the direct link between cohesion policy and culture and its effects on employment, the full potential of this asset is not fully realized, as are opportunities for further innovation.

1.2. The central theme of this opinion is cultural tourism and in particular refining its scope by focusing

on its economic and its employment aspects within the urban environment. However, in doing this, the Committee of the Regions is not suggesting that these aspects are pre-eminent. In fact in many of its other opinions, the Committee of the Regions has underlined the value of cultural activity in terms of its contribution to social cohesion, regional identity and community development in both an urban and rural context.

1.3. That said the European Commission nonetheless recognizes that 'cultural activities are in particular an important characteristic of European cities'<sup>(7)</sup>. While cultural tourism is a recurring theme in its communication there is little discussion of its impacts on employment and the degree of that impact. The potential economic contribution of culture in urban areas is all the more vital given the particularly acute unemployment problems concentrated in urban areas. The level of deprivation in some cities threatens to erode the social fabric and provide a seedbed for emerging and often divisive, sub-cultures.

<sup>(1)</sup> OJ C 116, 14.4.1997, p. 65.

<sup>(2)</sup> COM(96) 160 final.

<sup>(3)</sup> OJ C 379, 15.12.1997, p. 21.

<sup>(4)</sup> COM(96) 512 final.

<sup>(5)</sup> COM(97) 197 final.

<sup>(6)</sup> COM(97) 549 final — OJ C 362, 28.12.1997, p. 12.

<sup>(7)</sup> Communication from the European Commission on Cohesion policy and culture — a contribution to employment — COM(96) 512 final.

## 2. The contribution of culture to economic development

2.1. The many facets of culture have important impacts on the social and economic well-being of an area. Culture and its associated activities are a direct and indirect source of employment. It is increasingly a significant influence on the location of new investment as it provides a positive image and adds to the attractiveness of an area. It is also a crucial tool for regenerating socially and economically deprived areas and in this respect it can play a positive role in encouraging social integration.

2.2. In terms of highlighting the direct benefits of culture to an area's economy, cultural tourism is often seen as providing the greatest job-creating potential. While under Article 128(4) of the Treaty, the Community must take cultural aspects into account in all policy areas, there is no specific mention of culture in the Structural Fund regulations. Thus, the value of tourism apart from the economic benefits is in helping to influence changes in attitudes to culture and the cultural heritage, particularly amongst policy makers. Cultural tourism helps therefore to make projects for culture more 'concrete' and is an explicit manifestation of the economic returns likely from culture.

2.3. Therefore, whilst culture and tourism are to a large extent mutually dependent, they can have very different primary aims and this does not always make for seamless cooperation. Differences commonly arise when:

- planning lead times relate to different timescales;
- disagreements arise over product definition and appreciation;
- the weakness of market information limits initiatives in specialist areas;
- the marketing and promotion of cultural products are carried out by the producers themselves and are rarely integrated into the networks for promoting and marketing tourism;
- inappropriate touristic exploitation of the cultural heritage damages or produces dysfunctions in the latter.

Cultural tourism markets are complex and segmented and not always most effectively addressed along conventional tourism channels.

## 3. Tourism in urban areas

3.1. The problems facing many of Europe's urban areas and especially their traditional economic sectors, has meant that the tourism sector has become increasingly important. Cities are more aware of the opportunities offered by tourism, as a reinforced tourist function in a city can improve the structure of its regional economy and tourism relies on indigenous small and medium sized businesses, the cornerstone of many regional economies. The contribution of tourism has also been formally recognized by the Tourism Council (26 November 1997) on employment and tourism in the fight against unemployment in Europe. The Commission Communication 'Towards an Urban Agenda in the European Union' <sup>(1)</sup> has also highlighted the role of urban tourism in promoting the growth of the local economy. It also calls for further attention to be given to this role in developing an urban perspective in EU policies.

3.2. However, some problems exist when looking at the impacts of urban tourism and its future development. The role of urban tourism as a tool for urban regeneration and socio-economic development can be better understood through knowledge of the basic related statistics, especially at the city or regional level. While the European Union has made efforts <sup>(2)</sup>, and continues to do so, to ensure the collection of statistical information in the field of tourism and the transmission of harmonized information on tourism supply and demand, more work needs to be undertaken to develop the statistics that are available and make them comparable for urban areas. In some cases statistics for tourism are updated on a voluntary basis and thus not very reliable, while differences also exist as to what constitutes a 'tourist/visitor' in data collection.

3.3. Some cities have developed coherent tourism strategies, but in other cities tourism is not considered a priority for future development. In the face of stronger competition among cities, there is increasing debate on how to increase the value potential of urban tourism. However, the organization of tourism and policy development varies, with little strategic planning for tourism in some cities. Specifically, cultural tourism is viewed as an emerging sector that urban areas can exploit to help

<sup>(1)</sup> COM(97) 197 final.

<sup>(2)</sup> Council Directive 95/57/EC; OJ L 291, 6.12.1995, p. 32.

offset the loss of industrial jobs in traditional sectors. However, its potential in this regard may be limited given the different skills base of both the service and industrial labour forces.

3.4. It should nevertheless be emphasized that not all cities can rely on tourism or cultural tourism specifically to drive economic development.

3.5. To further explore an urban area's role in the development of tourism, three basic conditions are necessary:

- a city must have an appealing or interesting image. Tourists must be convinced they will have a pleasant time. However, it is difficult to assess the degree to which the image influences the choice of destination and the degree to which it corresponds to the quality of the tourist product on offer;
- the quality and range of the tourist product. A city must be able to offer a quality of primary attractions of products and a full range of complementary services (accommodation, restaurants, transport, information, etc.). These products need to be in keeping with the image of the city and offer an element of originality;
- the ability of a city to sustain the long-term effectiveness of tourist development. This includes the maintenance of the tourist product, the supply of a well-trained labour force and effective marketing campaigns.

3.6. The development of culture and cultural tourism must be part of an integrated multi-sectoral perspective. The establishment of an urban and tourist development strategy is an essential part of this process. Such a process places a high demand on the organizing capacity and powers of local government, as well as on the financial resources available. Strategic collaboration between government and private enterprise, both public-public and public-private partnerships, towards the development of urban cultural tourism is indispensable. Cities must also facilitate cooperation with other cities to exchange experience and transfer knowledge on how best to use their cultural assets.

3.7. Research undertaken by the European Institute for Comparative Urban Research (EURICUR) in 1993 on the comparative study of the contribution of leisure activities and tourism to the revitalization of urban regions, highlighted the emergence of urban tourism and the importance of the cultural tourism sub-sector. While there was little quantification of the economic

impacts and the levels of employment created, a number of general considerations emerged. These include:

- the lack of a common vision for culture and tourism in cities;
- the need to develop and coordinate training and employment opportunities;
- there is a lack of professionalism and failure to check standards in some activities of the tourism sector;
- the need to stimulate partnership between cultural institutions and the private sector;
- the benefit of linking cultural activities and attractions with a city's infrastructure;
- the need to draw-up a strategy of cultural events, to prolong the season and provide events for different areas of the city;
- the desire to avoid the creation of synthetic imagery, (the city as a theme park).

3.8. A city therefore, needs to invest in its cultural infrastructure, support the productive sector of culture and invest in the development of human resources to sustain development needs. It must also involve its citizens in the process and build on the indigenous potential of its cultural sector and cultural industries.

3.9. The development of the cultural assets of urban areas can also raise the prestige of a city as a destination for the expanding business and conference tourism sector. Likewise, business tourism can supplement cultural activities in cities. This segment of the tourism sector is considerable (ECU 162 billion in 1995) and it generates 1,5-2 times its direct turnover in a number of ancillary activities. For European cities to remain strongly positioned in this market they must stay ahead of world competition by emphasizing their high level of professionalism and product diversity, particularly in terms of the destinations available and their cultures. There is therefore a need to have consistency in development planning in both the cultural and business tourism sectors.

#### 4. Problems associated with cultural policy

4.1. The initial problem when addressing issues of culture is the lack of an agreed pan-European definition of culture. Due to the diversity of culture and the

activities broadly associated with it, precise and workable definitions for the cultural sector and its industries are difficult to develop. Any definition however, must incorporate and underline the value of cultural diversity.

4.2. As a definition for culture and its activities is a complex matter, quantifying the employment impacts of culture and cultural tourism is intrinsically less straight forward. The lack of a consensus, at methodological or operational level on how to calculate employment impacts is not an issue confined to cultural activities. Because there is no standard methodology, information is fairly disparate and so unsuitable for systematic treatment. The Commission has launched a series of studies intended to improve the understanding and calculation of employment effects and Structural Fund assistance. This is compounded for culture and cultural tourism, as it is difficult to quantify the investment in this sector, not to mind its employment effects.

However, estimates suggest that, in quantitative terms, investment in culture as compared to investment in infrastructure can contribute as significantly to the attractiveness of an area. However, the qualitative impact of investments in culture must also be taken into account.

4.3. While core cultural or artistic activities with subsectors may be easy to define, there are many downstream and support functions or industries that may or may not be included in a definition. This usually depends on the purposes for which the definition is being used and as a result on how data is compiled. In some Member States cultural industries are not defined or identified separately in the occupational classifications when collecting data on employment. This further complicates the calculation of the levels of indirect or induced jobs resulting from cultural activities.

4.4. Studies, undertaken in some Member States, have shown that culture is a significant employer, particularly of young people and it provides above average opportunities for the female labour force. While much of this work is on a self-employed freelance or part-time basis, some sub-sectors of the cultural sector can be dependent on voluntary, low-paid or subsidized and not-for-profit labour.

4.5. There are some obstacles to realizing the full job-creating potential of cultural industries. These include:

- the increasing level of professionalism in the sector. Often training institutions are not aware of the context of development;

- the sector can be closed and not open to the possibility of cooperation and partnership. This also has implications for the quality of the cultural 'product';

- some elements of the cultural sector can be elitist.

4.6. Nevertheless, cultural industries provide a significant source of employment relative to other industrial sectors and often help to encourage people, with a low level of training or a disability or are excluded from the labour force, to become reintegrated into the economic mainstream.

## 5. European cities of culture

5.1. The designation of European cultural capitals can be fundamental in stimulating the development of culture and cultural tourism in the designated city. Some cities have been more successful than others in building on the achievements during their year as city of culture. It certainly raises the profile of the city as a destination for cultural tourism, builds up informal networks between cities and cultural institutions and inspires action from both the public and private sectors.

5.2. Most of the cities involved used the designation of the European city of culture for self-promotion purposes. While this is an acceptable exercise, there is a need for a greater level of preliminary planning to ensure a more effective interaction with established policies and institutions, but also the incorporation of an element of transferability and innovation in the form of pilot actions and projects.

5.3. It is therefore important that effective follow-up actions are implemented to highlight the lessons learnt and the innovative actions developed. In this regard establishing understandings between the cultural and tourism sector, where relevant, can contribute to the facilitation of sustainable structures for the promotion and development of cultural tourism in the city in the post designation period.

5.4. While research has been undertaken on the impacts of cities of culture<sup>(1)</sup>, questions have to be raised as to the sustainable effects of the designation — continuity of action or a once-off event? Studies on

(1) Proposal for a European Parliament and Council Decision establishing a Community initiative for the European city of culture event (COM(97) 549 and OJ C 362, 28.11.1997, p. 12) and the European cities of culture and cultural months. Research study prepared for the network of cultural cities of Europe.

Glasgow in 1990 suggest that the regional net effect on the regional economy was between £10-£14 million and its impacts on employment at about 5 500 man-years. Public sector expenditure has been calculated at £7 000 per job opportunity. However, after 1990 employment in the tourism sector began to decline.

5.5. Conditions for participation by a city in the European City of Culture initiative include a contribution to the development of economic activity, particularly in terms of employment and tourism and the need to develop high-quality and innovative cultural tourism. While this is welcome, it is important to emphasize the quality and nature of the employment created and to ensure, as far as possible, that employment is sustainable.

## 6. Areas for further attention

### 6.1. *Research on cultural tourism impacts*

6.1.1. Due on the weaknesses outlined, a number of areas warrant further investigation at a European level. There is an urgent need to develop a pan-EU working definition for cultural industries and cultural tourism, setting out criteria and categories of activity. Such a definition would greatly assist in the creation of more comparable data and help provide a degree of accuracy when discussing the cultural tourism sector.

6.1.2. A survey of consumer attitudes to culture and cultural activities would be beneficial. This would look at the willingness of people to pay for culture and determine the latent or unsatisfied demand in the cultural area. Possibilities of expanding the market for cultural tourism should also be encouraged to cater for groups of the population, such as the elderly and disabled. Such work must draw on international experiences.

6.1.3. Due to the lack of knowledge on how to harness the benefits of cultural tourism, the development of 'measures of output' for cultural activities would aid in comparison and the determination of the impacts of culture on the economic well-being of urban areas. Such work could investigate measures such as the value of the number of people in attendance at activities, the view of consumers on quality, etc.

### 6.2. *Advance cultural activities strategically*

6.2.1. To increase the revenue and employment in the cultural tourism sector, urban areas need to make explicit the objective of developing cultural institutions, cultural activities and cultural events within a comprehensive tourist strategy.

6.2.2. Culture needs to be regarded as a strategic factor in the development of a European urban policy. It must also be ensured that Structural Fund interventions can also focus on culture and its tourism potential. This can be achieved by a specific mention of culture in the Structural Fund regulations.

At an EU level codes of conduct and good practice guidelines should be drawn up for the cultural tourism industry — in areas such as quality training and recognized certification for professionals concerned, for example tourist guides, quality services offered, with particular regard to knowledge of geographic specific cultural interests and attractions. In this respect the introduction of quality seals with EU-wide recognition could also be awarded.

6.2.3. To advance urban cultural activities and urban tourism development strategically in the EU it is suggested, as in the Committee of the Regions' Opinion on 'towards an urban agenda'<sup>(1)</sup> that a mechanism within the European Commission be developed to integrate policy, disseminate information and de-compartmentalize action, guaranteeing the cooperation and participation of all areas of the public and private sector involved in urban tourism, so that this feeds directly into the 'urban issue'. The need for such a process of coordination was also recognized by the Tourism Council on Employment and Tourism.

### 6.3. *Transnational and multicultural linkages*

6.3.1. To overcome the closed nature of some cultural activities in urban areas and to open up possibilities for a higher level of innovation in the sector, greater emphasis should be placed on cities entering into transnational linkages. This could be done by highlighting best practice and new approaches in using cultural assets, but also by linking cities with common

<sup>(1)</sup> CdR 316/97 fin.

cultural tourism themes. Initiatives such as the 'Art Cities in Europe' project allow for urban tourism trails between cities with similar historical or cultural experiences and provide them with a competitive edge. Cooperation at the trans-national level offers an opportunity for networking specifically city assets to create competitive European products.

6.3.2. Greater emphasis must be placed on marketing initiatives. Growing international competition increases the significance of transnational partnerships to:

- evaluate success of measures already implemented;
- promote experimental holiday forms and tourist products;
- increase international competitiveness by preserving specific national characteristics but also standardizing tourist products and quality — branding cities;
- develop better lines of communication and networking, especially in niche markets, as for the disabled.

This can be undertaken at an EU level, but also by networks of European cities offering a range of European

urban cultural experiences to potential tourists in the EU and in third countries.

## 7. Conclusion

7.1. Cities must re-assess and define their cultural role in Europe. A city must, if it is to have a strong cultural tourism function and share in the benefits which that brings, invest in its own creativity and in the features which make it distinctive and of interest beyond the immediate region. While there is a need to harmonize quality, there is equally a need to avoid blandness and the danger of European cities becoming images of each other.

7.2. European cities must now advance the incorporation of tourism and in particular urban tourism measures into urban development strategies. Cities must provide for the management of the increasing mobility in recreation, leisure and tourism and the re-assertion of the city as a centre of attraction and as the pivotal focus for new and emerging cultural experiences. Urban areas must also build on the potential of cultural tourism to contribute to their socio-economic development, by harnessing human potential, integrating groups such as the young and women into the labour force, modernizing their economic and material assets, mobilizing investments and regenerating and re-structuring urban systems.

Brussels, 13 May 1998.

*The Chairman*  
*of the Committee of the Regions*  
Manfred DAMMEYER

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Resolution of the Committee of the Regions on 'Nuclear Safety and Local/Regional Democracy'

(98/C 251/06)

THE COMMITTEE OF THE REGIONS,

having regard to the final declaration of the European Conference on Nuclear Safety and Local/Regional Democracy held in Gothenburg on 24, 25 and 26 June 1997;

having regard to its decisions on 10 December 1997 and 18 February 1998 instructing Commission 4 (Spatial Planning, Urban Issues, Energy, the Environment) to draw up a resolution on the final declaration of the European Conference on Nuclear Safety and Local/Regional Democracy held in Gothenburg on 24, 25 and 26 June 1997;

having regard to the draft resolution (CdR 423/97 rev 2) adopted by Commission 4 at its meeting on 12 December 1997 (rapporteur: Mr Soulsby),

has adopted by majority the following resolution at its 23rd plenary session on 13 and 14 May 1998 (meeting of 14 May).

1. The Committee of the Regions, having heard the evidence, without taking a position for or against nuclear energy, are convinced that there are legitimate and serious concerns about public health because of the environmental radiation which is caused by radioactive fall-out from nuclear accidents, and which can be caused by the processes of nuclear power generation, discharges from nuclear waste storage, processing and reprocessing of nuclear fuel.

2. The Committee of the Regions supports the precautionary principle which should guide decision making, because it takes account of the needs of future generations.

3. The Committee of the Regions endorses the requirements of the Rio Declaration covering participation in environmental decisions and information on the environment including hazardous materials which established that:

'Environmental issues are best handled with the participation of all concerned citizens, at the relevant level. At the national level, each individual shall have appropriate access to information concerning the environment that is held by public authorities, including information on hazardous material and activities in their communities, and the opportunity to participate in decision-making processes.'

4. The Committee of the Regions believes that there is an urgent need to strengthen democratic and participatory processes for planning and operating nuclear facilities so as to involve all concerned social groups at the local, regional, national and international levels. In order to give this effect, the opinions of local and

regional authorities should be fully taken into account. To achieve this the following requirements will need to be met:

A) *Transparency*

All available information and proposals relating to the siting, construction, operation and decommissioning of nuclear facilities should be detailed, accurate reliable and openly presented by both operators and regulatory authorities to the local and regional authorities concerned, including authorities in neighbouring countries and those affected by the transportation of radioactive materials.

B) *Participation*

The decision-making process for the siting of nuclear facilities as well as for nuclear waste management and disposal sites should involve local and all other citizens concerned. The local or regional authority should be given the final decision on whether a facility should be accepted or not. The decision should be based on the best available information. Power plants and waste management facilities must be subject to an Environmental Impact Assessment, which, if correctly utilized, offers the possibility of public information, increased participation and the consideration of alternatives.

C) *Financial support*

Actual and potentially affected authorities should receive financial support from central government and/or the operator or operators of the nuclear facilities, thus

enabling them to properly participate in decision-making processes relating to nuclear facilities (an expression intended throughout this resolution to include nuclear waste management and disposal sites.)

#### D) *Economic Assessment*

The siting and construction of new facilities should be subjected to regional economic assessment and draft development plans for public comment. Future and existing facilities should be measured against employment and economic criteria which take into account the need to avoid excessive industrial and social dependence on the facility, making its closure difficult. The local and regional economic damage that will be caused by the closure of nuclear power plants approaching the end of their useful life should be avoided, for example by replacing these with thermal or electrical power plants that use renewable sources. This would capitalise upon the skills and experience of the staff in the thermo-nuclear plants.

5. The Committee of the Regions believes that consideration should be given to the creation of local liaison arrangements which are broadly based and involve representatives from; local and regional authorities, social networks, operators and regulators of nuclear facilities and other specially concerned groups, such as citizens associations, environmental NGOs and medical scientists, which should provide a suitable forum for public participation if placed on an independent statutory basis. Their primary duty should be watching over the safety measures at nuclear facilities, gathering the relevant information, informing the public about safety issues and taking part in emergency planning.

6. Such committees would be accountable to the local and regional authorities. Other democratic forms like local, regional or national referendums should be organized to enable people to express their opinion on plans for existing or future nuclear facilities.

7. At the international level the Committee of the Regions recognizes that rights to information and participation should be implemented under the proposed ECE Convention<sup>(1)</sup> with a right of cheap admin-

istrative appeal and access to a higher judicial review process.

8. The Committee of the Regions considers that there is a need for improved coordination of European organizations concerned with nuclear safety. The procedures adopted should guarantee the effective control and safety of nuclear installations in the member states of the Council of Europe in an impartial way with full independence from energy producers.

9. The Committee of the Regions confirms that within the European Union nuclear policy should be compatible with the overall principles of environmental and health policies and ensure freedom of access to environmental information by amending the current directive governing such access to ensure that nuclear utilities are not exempt, that health and safety information is included and exemptions from access are narrowed<sup>(2)</sup>.

10. The Committee of the Regions believes that transfrontier cooperation between national and regional authorities and local liaison committees is essential to protect their populations against nuclear risks and damage caused by nuclear emissions and to ensure that people living near the border have the necessary access to information; and recognizes the problems facing central and eastern Europe arising from the upgrading of the safety of outmoded reactors; and considers that whilst current emphasis lies on technological improvements and development of legislation on nuclear activities, there is also an urgent need to develop democratic participatory processes for decision-making on future energy alternatives.

11. The Committee of the Regions considers that many of the issues relating to the consideration of proposals for disposal of radioactive waste are complex and not subject to widespread public understanding and for this reason believes that it is crucial to ensure access to all relevant information to the public, to involve local and regional authorities and the public in decision-making and to seek public confidence in the principles that govern the safety of repositories and in waste management programmes.

12. The Committee of the Regions acknowledges that future safety issues will relate to the closure and decommissioning of nuclear facilities. For local and

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<sup>(1)</sup> This refers to the Economic Commission for Europe Convention on 'Access to Environmental Information and Public Participation in Environmental Decision-Making' currently being negotiated by, inter alia, representatives of the European Union and due for signature at the 4th Environment for Europe Ministerial Meeting in June 1998 at Aarhus, Denmark.

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<sup>(2)</sup> This refers to EC Directive 90/313/EEC on the Freedom of Access to Information on the Environment currently being reviewed by the European Commission with a view to its amendment.

regional authorities this problem will create potential safety hazards, job losses and the loss of tax revenues with possible recession in local business activities. The

principle of transparency access to information and public participation in decision making is made ever more essential in these circumstances.

Brussels, 14 May 1998.

*The Chairman*  
*of the Committee of the Regions*  
Manfred DAMMEYER

### Opinion of the Committee of the Regions on the 'Demographic situation in the European Union'

(98/C 251/07)

THE COMMITTEE OF THE REGIONS,

having regard to the Demographic Report 1997<sup>(1)</sup>;

having regard to the decision of 18 September 1997, in accordance with the fourth paragraph of Article 198c of the Treaty establishing the European Community, to issue an opinion on this subject and to instruct Commission 8 for Economic and Social Cohesion, Social Policy and Public Health to prepare it;

having regard to the draft opinion (CdR 388/97 rev. 2) adopted by Commission 8 on 27 November 1997 (rapporteur: Mr Roscam Abbing),

adopted the following opinion at its 23rd plenary session on 13 and 14 May 1998 (meeting of 14 May).

#### Introduction

In 1994 for the first time the European Commission published a report on the demographic situation in the European Union<sup>(2)</sup>. It contained mainly general statistics.

In 1995, the Commission's demographic report<sup>(3)</sup> was centred around the theme of demographic ageing and its consequences. The committee of social affairs of the European Parliament appointed Mrs Boogerd Quaak (ELDR, NL) as rapporteur. Her report was adopted by the European Parliament in March 1997<sup>(4)</sup>. The main

aim of the EP rapporteur was to draw the attention of the policy makers to the importance of the demographic factor in many policy areas, like: economic policies, labour market policies, social security, public health, regional policy, environmental policies, etc. Mrs Boogerd-Quaak stated: '...policy makers do not usually give this factor much consideration. Current policy is often based on the assumption that the demographic structure of the population is a static factor, and consequently policy measures may prove to be ineffective in the long term'.

<sup>(1)</sup> COM(97) 361 final.

<sup>(2)</sup> COM(94) 595 final.

<sup>(3)</sup> COM(96) 60 final: The demographic situation in the European Union 1995.

<sup>(4)</sup> A4-0042/97 (PE 218.695): Report of the EP on the Commission's report on the demographic situation in the European Union 1995 adopted on 14.3.1997, rapporteur: Mrs Boogerd-Quaak (Social Affairs Committee). OJ C 115, 14.4.1997, p. 238.

Awareness for the issue is growing only slowly. The first ones to ring the alarm bells on demographic ageing were insurance companies and pension funds, who foresaw considerable difficulties in the not so very remote future, regarding the financing of old age pensions. By now, the demographic factor appears in

policy documents from time to time, but it has not become an integrated policy element yet.

It is a good sign that the Commission's report on Employment in Europe 1997<sup>(1)</sup> pays extensive attention to the demographic impact of population ageing and migration on the labour market situation. The European Parliament in its report on social protection in Europe (report Weiler, PES, D)<sup>(2)</sup>, asks for permanent monitoring of the demographic trend as the basis for the continuous adjustment of the Community's Social Action Programme, in the shape of a newly worded Article 122 of the Treaty.

In July 1997 again the Commission has published a demographic report<sup>(3)</sup>, this time focussing on three issues: the labour market, the regional dimension and demographic trends in the applicant states.

At the occasion of this report, the Committee of the Regions in turn wishes to underline the importance of this subject, and highlight in particular the consequences at local and regional level. The central question is: in what way must EU policies take account of the impact of demographic trends at the local and regional level?

The first chapter gives a brief introduction to the demographic situation and to the current and foreseeable developments. The second chapter will indicate in which areas these demographic developments will affect local and regional policies. In the third chapter the relevance for the policies of the European Union will be clarified, and the fourth chapter finally puts forward concrete recommendations.

## Chapter I: Demographic developments

### I.1. *Demographic ageing*

The most significant development is the demographic ageing of the population, and its impact on the structure of the labour force. The demographic developments are expected to be much more rapid and radical over the next few decades, than they have been in the past.

<sup>(1)</sup> COM(97) 479 final: Employment in Europe 1997: an employment agenda for the year 2000 (an executive summary).

<sup>(2)</sup> A4-0291/97 (PE 223.120 fin) report Weiler (ESP, D) On the communication from the Commission on modernizing and improving social protection in the European Union (COM(97) 102 final), adopted on 6 November 1997, OJ C 358, 24.11.1997, p. 51.

<sup>(3)</sup> COM(97) 361 final: Demographic Report 1997.

The population of the European Union is still growing, but the growth is slowing down. As a result the relative importance of the European Union in the world population is gradually decreasing. Most remarkable however, is the change in the population pyramid, in particular in the groups of people of working age. The average age of working people will rise sharply over the next few decades, and the group of 65 and over will almost double. In ten to twenty years from now, the largest part of the baby boom generation will reach the pensionable age. The group of very old and dependent people will triple. The age group 15-30 on the other hand, will decrease both in absolute and relative terms. It is clear that these developments will have far-reaching consequences in the social and economic area.

Although the demographic ageing of the population is a general EU-wide trend, the pace and the intensity of the development varies greatly from one region to another. By consequence, the regions will be affected in different ways, at different moments and to differing degrees by the demographic changes. The 1997 demographic report of the Commission indicates that existing differences between regions could be sharpened as a result of the diverging demographic developments. An important observation, given the conclusion of the First Cohesion Report<sup>(4)</sup> that although the economic differences between the Member States have become smaller, the differences between the regions have grown.

### I.2. *Migration*

Next to natural population growth, migration is a factor that influences the size and structure of the population. Here we have to distinguish several aspects:

- 1) migration flows into and out of the EU: this kind of migration has an impact on the size of the total EU population. The 1995 demographic report concluded that the declining growth of the population, due to reduced fertility, cannot be compensated for completely by immigration.
- 2) migration flows between regions of the EU: people tend to move towards economically attractive areas. The 1995 demographic report mentioned in particular the move towards southern coastal areas.

<sup>(4)</sup> COM(96) 542 final: First Cohesion Report.

- 3) migration flows between urban and rural areas: there is a global trend of increasing urbanization<sup>(1)</sup>, combined with depopulation of the country side. Noteworthy is that in some areas the move towards the city has a gender-aspect: it is in majority young women who are looking for jobs in the services sector in the city.

The other side of the coin is that the population has fallen sharply in old industrial areas, particularly in towns and cities. Population decline in these areas is most attributable to emigration and a downturn in natural population growth rates. This generally provokes sharp imbalances in the population structure and increased population ageing.

### 1.3. Enlargement of the EU

Though enlargement as such is not a demographic phenomenon, it has an impact on the size and structure of the Union's population. Section three of the 1997 demographic report of the Commission deals with this subject. The Commission's opinions ('annex' to the Agenda 2000) on the application for EU membership of the accession countries have dedicated a few lines to demographic data. But despite their obvious relevance for the economic outlook of a country (room for growth, productivity, consumption, etc.), these data do not seem to have been integrated in the chapters concerned.

The demographic developments in the twelve applicant countries studied by the Commission, show a somewhat different pattern than those in the EU. In contrast to the — albeit slower — population growth of the EU, the population in most of the applicant countries will decrease. Life expectancy is on the whole lower than in the EU countries and infant mortality higher. Demographic ageing occurs in the applicant countries as well, but to a far lesser extent than the EU countries. Urbanization and depopulation of the countryside on the other hand, are even more accentuated in the applicant countries.

## Chapter II: impact on local and regional policies

The above described developments affect many policy areas at local and regional level. In some cases demogra-

phy is already considered as a standard element of policy making, like housing or education. Another example is of course the creation of Objective 6 for scarcely populated areas. Also depopulation of the countryside and the increasing urbanization have already been noted, and several of the COR's opinion paid attention to these developments.

Taking account of the differences between the Member States, the following policy areas are to a larger or lesser extent affected by demographic change.

### *Labour market*

The changes in the structure of the labour force will be felt strongly at the regional level. It is often thought that a decrease in population will solve the unemployment problem. This is not true however, if supply and demand of labour do not match. The size, structure and quality of the labour force are aspects that are influenced by demographical developments. In making labour market policies it deserves recommendation to take into account the demographic element. As a result of demographic change, some of the current measures may not have the desired effect, or even an adverse effect. For instance, the promotion of early retirement may not be the correct policy in times of a contracting labour force. Anticipating demographic change may also lead to the conclusion that it is not only necessary to create new jobs, but also to increase employability of groups of people with low participation rates. The growing demand in the labour market will offer good opportunities for young people, women, elderly people and immigrants in the next decades. An extra effort in the field of education and training has to be made to mobilize the potential in the labour supply. Measures must be taken to facilitate entering the labour market. An interesting detail is that currently women are still at a disadvantage in the labour market, in respect to men. This could change however. Boys who are now in school, are still being trained for jobs in traditionally 'male' sectors like industry, agriculture, etc. Girls are being trained for jobs in the services sector. It so happens that the services sector is booming.

### *Regional economic development*

Closely connected to labour market policies are the regional development plans. Economic development depends to a large extent on the quality of the available labour force. It is to be expected that a considerable

<sup>(1)</sup> This trend was even the theme of the United Nations World Population Report 1996.

number of regions will see the start of the fall of their active population before the year 2004<sup>(1)</sup>. This may have an important impact on their economic growth and productivity. Economic and labour market measures to offset a possible negative impact of demographic trends have to be taken at regional level, geared towards the specific regional circumstances. The abovementioned training facilities and special measures for target groups, may be adjusted to the specific needs of the regional labour market.

#### *Pensions and public health*

These two sectors will have to adapt to fast and radical changes, as the group of 65 and over will increase considerably. The group will be divided into a group of active, healthy pensioners, and a group of very old, dependent people in need of much nursing care and medical care. Furthermore, the rise in life expectancy means that people are in retirement for a longer period of time. A larger group of people in retirement and an extension of the period over which pension is received make a revision of the current pension systems necessary. In many Member States the reforms have been set in motion.

The costs of health care for older people will grow exponentially. Technological progress, increased consumption of health care and a rising life expectancy will boost expenditure to record levels.

In many Member States pensions and public health are local or regional responsibilities, both in administrative and in financial terms, to the effect that they are confronted with the consequences of demographic changes. Local and regional authorities, as well as national and European policy makers should take this into account. Their policies should be based not only on the current demographic situation, but on the demographic trends.

#### *Education, housing, services*

The same applies to education, housing and public services. In these policy areas the demographic element is a determinant factor, as these provisions are destined at the local population. To some extent local and regional authorities have incorporated it into their policies. Housing for instance, has to take into account

the size of the population, but also the composition (various age groups: children, pensioners, etc.), changing family patterns and migration. Here again, the acceleration of demographic change makes it advisable to look at the demographic factor from a wider and longer term perspective.

#### *Spatial planning, infrastructure*

Spatial planning, town planning and infrastructure are pre-eminently areas where a long term view is required, in order to meet the needs of the current as well as the future population. Changes in the size and composition of the population, migration and changing mobility patterns will have their impact on the environment as well. In previous opinions the Committee of the Regions already addressed the issues of urbanization and depopulation of the countryside, and gave due consideration to the demographic factor.

### **Chapter III: Relevance for European policies**

Most of the EU policy areas concerned have been mentioned in the previous paragraph: economic policies, employment policies, social policy and public health. Many other areas are indirectly affected: agriculture, environment, transport, education and training. A good example has been given in the Commission's report on young farmers and the problem of succession<sup>(2)</sup>.

However, the main policy area concerned is that of social and economic cohesion.

The First Cohesion Report of the Commission, evaluating the effects of cohesion policies, observes a growing social and economic convergence between the Member States, but the gap between the poorest and the richest regions has widened. The conclusion that can be drawn from — amongst other things — the Demographic report 1997, is that the various regions of Europe have widely diverging demographic patterns and that the population is not distributed evenly over Europe. The maps of the report show very clearly the different demographic patterns between the regions within a Member State. About one-fifth of the regions of Europe will show population growth over the next two decades, a vast majority of the regions will show demographic neutrality, and some have already entered the stage of negative growth. Negative population growth, ageing of the population of working age, emigration to other,

<sup>(1)</sup> Demographic report 1997, Map 3, p. 14 bis (English version).

<sup>(2)</sup> COM(96) 398 final: Young farmers and the problem of succession in European agriculture.

more prosperous regions: these factors are bound to have a negative impact on the social and economic development of a region. Economic policies, social policy, labour market policies, cohesion policies and structural policies must take into account the demographic developments, rather than the demographic situation at a given moment. These policies can only be effective if they can be adjusted flexibly to regional circumstances, otherwise they will lead to growing divergence between the regions. At the same time however, the need for coordination at EU level in various policy areas is once again made clear.

This issue must also be seen in view of the enlargement of the Union. The Commission's Demographic Report 1997 shows clearly that the demographic situation in the accession countries is somewhat different from the EU average. If EU policies will also be applied in these countries in the future, the need for regional differentiation is even bigger.

#### *Structural funds, education and training*

The necessity of stepping up active labour market policies and an extra effort in education and training, especially for groups with low labour market participation rates may be evident. Already in certain sectors and regions, a shortage of labour can be observed, whereas at the same time a large group of people is excluded from the labour market, or no longer active. Demographic ageing of the population of working age will only worsen this problem. In the near future we cannot afford to underuse the human resources, as has already been pointed out by the Delors White Paper in 1993. Policies must aim at an efficient use of the labour pool. For instance in some Member States a majority of the 55-65 age group is no longer active in the labour market<sup>(1)</sup>. Rather than raising the pensionable age, policy measures should aim at keeping the elderly workers employable. Some progressive spirits in the private sector have acknowledged that training for the older employee can actually be a useful investment.

<sup>(1)</sup> In the Netherlands for example, only 27% of this age group is still active in the labour market.

Foresight is the essence of government, to the effect that structural funds and EU programmes for education and training must aim not only at the present labour force, but also work pro-actively and look ahead to the needs of the labour market in the next decade. Special focus must be on the employability of disadvantaged groups.

#### **Chapter IV: conclusions**

The Committee of the Regions observes that demographic changes have an important impact on many aspects of the economy, notably the labour market and social and economic cohesion; and that these affect several areas of competence of local and regional authorities.

It is deeply concerned about the unawareness and underestimation of the importance of demographic trends; and is convinced that economic and employment policies can only be effective when taking account of the demographic circumstances.

The Committee of the Regions also feels that the envisaged enlargement of the Union may have a considerable impact on the demographic structure of the EU's labour force.

It welcomes the Demographic Report 1997 of the Commission, and in particular the section on regional trends.

It supports the conclusions of the European Parliament's report on the demographic situation in the European Union 1995.

It expresses its approval for the fact that the Commission has taken the demographic factor into consideration in its recent communications on employment; encourages the Commission to continue doing this, and to take into account the demographic differences between the regions of Europe.

It urges the Council, the European Parliament, the Member States and the decentralized authorities to fully integrate the demographic factor in the relevant policy areas.

It expresses its concern about the growing regional imbalances in Europe, and the need to closely monitor the role of the demographic developments in this; reiterates its suggestion to use the Structural and Cohesion Funds in a pro-active way.

It points out that the period in question — two to three decades — will probably witness the accession of new Member States with a different demographic structure; deems it sound government to anticipate this in the policy areas concerned.

It invites the Commission to come forward with a more detailed study of the demographic trends in the regions of the EU, as well as in the accession countries; this study will address issues like: urbanization, depopulation of the countryside, the demographic effect on the labour market and the relative competitiveness of the regions.

It is of the opinion that this must be an ongoing issue on the political agenda; it therefore requests the Commission to follow demographic developments in the EU Member States and the accession countries very closely, and to present its findings in an annual report.

It points to the need for special measures to improve the match of supply and demand on the labour market; underlines the role that European programmes and funds can play in this area; is of the opinion that pro-active use of the funds must be considered in areas where demographic developments threaten to aggravate economic decline.

It underlines the responsibilities of local and regional authorities in some Member States in pension matters, social security and health care.

It warns the Member States for the risks of short term financial policies, social security and pension policies, that will leave the next generation with a disproportionate financial burden, in particular in view of the European Monetary Union.

Lastly, the Committee of the Regions calls on its president to forward this resolution to the Commission, the Council, the European Parliament and the Economic and Social Committee.

Brussels, 14 May 1998.

*The Chairman  
of the Committee of the Regions*

Manfred DAMMEYER

**Opinion of the Committee of the Regions on the 'Proposal for a Council Decision on measures of financial assistance for innovative and job-creating small and medium-sized enterprises (SMEs) — The growth and employment initiative'**

(98/C 251/08)

THE COMMITTEE OF THE REGIONS,

having regard to the proposal for a Council Decision on measures of financial assistance for innovative and job-creating small and medium-sized enterprises (SMEs) — The growth and employment initiative<sup>(1)</sup>;

having regard to the decision taken by the Council on 16 March 1998, under the first paragraph of Article 198c of the Treaty establishing the European Community, to consult the Committee of the Regions on this matter;

having regard to its Bureau decision taken on 12 March 1998 to draw up an opinion on the subject and to direct Commission 6 — Employment, Economic Policy, Single Market, Industry, SMEs — to undertake the preparatory work;

having regard to the draft opinion (CdR 46/98 rev.) adopted by Commission 6 on 6 April 1998 (rapporteur: Mr Virtanen, co-rapporteur: Mr Keymer);

<sup>(1)</sup> COM(98) 26 final - CNS/98/0024 — OJ C 108, 7.4.1998, p. 67.

whereas the Committee of the Regions has already drawn attention to the role played by SMEs in job creation and, in particular, to the risk financing requirements of innovative firms in Europe in, for example, the following opinions: the proposal for a Council Decision on a Third Multiannual Programme for small and medium-sized enterprises (SMEs) in the European Union (1997-2000) <sup>(1)</sup>; the Commission Communication on Community structural assistance and employment <sup>(2)</sup>; the Green Paper on Innovation <sup>(3)</sup>; and the Communication from the European Commission on the first action plan for innovation in Europe <sup>(4)</sup>,

unanimously adopted the following opinion at its 23rd plenary session on 13 and 14 May 1998 (meeting of 14 May).

## 1. Introduction: gist of the Commission document

The European Commission proposes the setting-up of three new financial instruments for the support of innovative SMEs in their growth phase. The programme would run for three years (1998-2000) and receive budgetary allocations totalling ECU 420 million over this period. The three schemes proposed by the Commission are as follows:

- a risk capital facility for improving firms' access to equity capital and managed by the European Investment Fund (EIF). The EIF, however, will not provide financing to firms directly but through intermediary venture-capital funds specialized in SMEs, either funds operating regionally or funds focused on a specific industry or technology. According to the proposal this scheme will receive 40 % of the programme's total budgetary allocations;
- a scheme supporting the establishment of transnational joint-ventures whereby the Commission will help small firms establish a cross-border presence within the EU by providing financial contributions to cover part of the expenses associated with the setting-up of transnational joint ventures. The proposed maximum contribution is ECU 100,000 per project and could be used to cover up to 50 % of the expenses incurred in the conception and setting-up of a joint venture, such as those related to market research and drawing up legal documentation, and 10 % of investment in fixed assets. According to the proposal this scheme will receive 20 % of the programme's total budgetary allocations;
- a guarantee facility, managed by the EIF, which is designed to improve access to debt finance for small innovative firms. It is intended to make use of existing national or regional guarantee schemes,

whose risk-taking capacity could be increased by means of this new facility. The basic aim of the scheme is to improve the access to financing for especially those innovative firms which find it difficult to raise debt finance because of the risk inherent in such lending. According to the proposal this scheme will receive 40 % of the programme's total budgetary allocations. The budgetary allocation will cover the full cost of the facility. The cost of the facility will be capped at a prespecified level.

## 2. Reasons for the programme

2.1. The Amsterdam summit gave greater priority to employment in Union policy. The Union was not, however, given specific competence in the sphere of employment policy. Rather, under the new Title on employment, the Union's role is essentially to coordinate national employment policies. It is therefore important in those policy areas where the Community does have competence to take prompt and purposeful action to foster employment.

2.2. It was agreed in Amsterdam to take measures at Community level to improve the development possibilities of innovative firms in the SME sector in particular. This approach was confirmed by the Luxembourg Jobs Summit. Prior to this, in the debate on innovation, it had been acknowledged that the relative paucity of risk financing was a major factor impeding innovation in Europe. The action plan put forward by the Commission in November 1996 recognized the need to increase the availability of risk financing at regional, national and Community level. The proposed programme represents the means developed by the Community to increase risk financing for innovative firms. The Committee of the Regions is pleased with the speed and fixity of purpose with which progress has been made in this area.

<sup>(1)</sup> CdR 211/96 fin — OJ C 34, 3.2.1997, p. 34.

<sup>(2)</sup> CdR 306/96 fin — OJ C 42, 10.2.1997, p. 15.

<sup>(3)</sup> CdR 112/96 fin — OJ C 182, 24.6.1996, p. 1.

<sup>(4)</sup> CdR 68/97 fin — OJ C 244, 11.8.1997, p. 9.

### 3. General comments

3.1. SMEs play a very important role in creating new employment. New jobs are generated when new firms are set up and when existing firms expand their workforce. The most crucial factors when setting up are the viability of the business idea, good management and availability of financing. Additional financing is needed in the start-up phase, and this is an area where in many cases firms may have encountered difficulties. Moreover, new firms have to complete various administrative formalities connected with obtaining authorisations etc., carry out market research and acquire information about the environment in which they will be operating.

3.2. Innovative SMEs are often set up on the strength of the good business ideas of their founders but they sometimes suffer from inadequate management skills. Lack of such skills can sometimes be a decisive risk factor, making a new firm unattractive to investors. On the other hand, a new investor may bring about changes in the management of a firm so that it is run in a more professional way than before.

3.3. Innovative firms are often very dynamic and therefore traditional financing arrangements often do not correspond to their needs. They may require funding on an irregular basis or unexpectedly. Maintaining market positions and product development may call for new rounds of investment at frequent intervals.

3.4. The prevailing economic and social climate and the treatment of entrepreneurs setting up business or planning to set up business are also important factors. If the operating environment is favourable to new entrepreneurs and business-friendly, there is a strong likelihood that SMEs will be set up that are innovative and prepared to expand their activities when the opportunity arises.

3.5. Banks financing decisions are closely tied to the availability of security in the form of deposits or fixed assets. The latter are often valued at unduly low levels in times of instability. Security also includes the personal assets of the firm's owners.

3.6. New innovative firms exploiting new technologies find it difficult to raise risk capital from traditional sources. For this reason they need special start-up and risk funds. Investments and provision of advisory services by private investment funds also have an important role to play. It is often the case, however, that regional providers of finance are best able to take account of the operating environment of the firm, its

past performance and other special conditions, and relate existing risk to collateral requirements. They are also better able to respond to requests for small loans.

### 4. Specific comments

#### 4.1. *Objective of the programme*

4.1.1. The objective of the programme is to unlock the job-creating potential of high-growth and small businesses, in particular those SMEs exploiting advances in technology, and to facilitate the establishment and growth of innovative companies by supporting their investment activity through increased availability of finance, thereby stimulating employment creation. The objective is sound. Similarly, the aim of the programme to foster job creation by facilitating the establishment and growth of SMEs through new funding facilities is worthy of support.

4.1.2. The Committee of the Regions would underline the employment-policy objectives of the programme. Experience shows that, with small inputs, job creation can be fostered through regional risk funds. Accordingly, the Committee of the Regions urges the Commission to ensure that an adequate share of the funding available under the programme is channelled to regional risk funds, both existing ones and those to be set up. Furthermore, the Committee of the Regions takes the view that priority should be given to small enterprises which can generate new jobs immediately.

4.1.3. The Committee of the Regions urges the Commission to ensure that SMEs in less-developed regions also have easy access to the programme. The central, more highly-developed regions of Europe are characterized by intensive networking between large technology-based companies, research centres and the SME sector. SMEs in less-developed and remote regions lack such networks.

#### 4.2. *Concept of innovation*

4.2.1. The concept of innovation needs to be refined. In the implementation of the programme the term 'innovation' must not be understood to embrace only high-tech companies. Exploitation of new technology is an essential component of innovative business activity but by no means the only one. The definition of innovation must therefore be sufficiently broad so that decisions are applied in different regions in Europe in a balanced way.

4.2.2. A broad definition of innovation is therefore called for, like the one given in the Commission's Green

Paper on Innovation<sup>(1)</sup>. Applying such a definition, a business activity can be considered innovative whenever it involves the introduction of new technology or the deployment of new methods, in, for example, product development or marketing, which, through their example, can benefit other SME activity in the region concerned. Thus, innovation would not be in terms of technology alone, but other components of business activity would be taken into account as well, from management to product development and marketing, and including management accounting, which can improve a firm's profitability and cost-effectiveness.

4.2.3. The Committee of the Regions would further point out that a business can also be regarded as innovative from the point of view of regional development if it represents a sector which differs from the region's traditional economic structure and seems to have potential for development in the region. It follows from the multifaceted character of innovation that in many cases the regional level would be the appropriate level for taking funding decisions since that is where there is the best knowledge of companies and their activities.

4.2.4. On the basis of the above, the Committee of the Regions proposes the inclusion of a new recital in the preamble to the Council Decision as follows: 'Whereas the definition of innovation set out in Chapter 1 of the Commission Green Paper on Innovation<sup>(2)</sup> will be applied in the implementation of this Decision;'

4.2.5. The Committee of the Regions further proposes that the last sentence of point 1 ('Introduction') in Annex I be changed to read as follows: 'The ETF start-up scheme will reinforce the European Technology Facility established by the EIB in cooperation with the EIF by adopting an investment policy involving a higher risk-profile, both as regards intermediary funds and their investment practices, and which is directed towards innovative companies in other sectors, as well as the technology sector.'

### 4.3. *Financial instruments*

4.3.1. The Committee of the Regions endorses the European Commission's proposal to establish three new financial instruments to support innovative and growing SMEs. The Committee would nevertheless like to draw attention to a number of points which are crucial from

the point of view of SMEs and which should be borne in mind when implementing the programme.

4.3.2. First, the Committee of the Regions considers it important to draw on the expertise of regional/local intermediaries in the implementation of all three schemes. It is also essential, as regards provision of information on the schemes, to make sure that the authorities responsible for regional development are kept fully informed and are notified as to which funds and financial institutions are operating as intermediaries for the schemes in each region.

4.3.3. As regards the ETF start-up facility, the Committee endorses the Commission's aim to promote the creation and early development of innovative SMEs with high growth potential by improving access to equity capital for SMEs, by acting as a catalyst in attracting other investors to invest in such companies and by encouraging the development of venture-capital markets across the Union.

4.3.4. However, the scheme is only likely to work well in regions where there is a ready supply of investors and firms wishing to invest. The provision of risk financing should therefore be backed up by arrangements which would also enable companies in the peripheral regions of Europe to disseminate information on their activities more effectively to investors throughout the Union. This is not the case at present; rather, investors are often sought exclusively from the domestic market or, as in certain technological projects, from the USA, even though interested investors could be found in Europe.

4.3.5. As for the Joint European Venture (JEV), the Committee strongly endorses the stated aim to promote the creation of transnational joint ventures by SMEs within the European Union and thereby to help SMEs to benefit from the opportunities of the single market through better exploitation of their limited financial and human resources and greater proximity to clients.

4.3.6. The proposed scheme will certainly function relatively well, especially in regions where there is extensive cross-border cooperation, distances are short and there is a long tradition of economic cooperation. Regions which are a long way from Europe's main markets could pose a problem. Because of long distances, SMEs in these regions are traditionally heavily reliant on the home market. The threshold to going international and starting to export has always been, and still is, quite high. The problems are often more to do with factors such as inadequate language skills or lack of marketing know-how than any shortcomings on the material side.

4.3.7. The Committee of the Regions therefore calls on the Commission to consider complementing the proposed scheme with a facility that would also make

<sup>(1)</sup> 'In brief, innovation is:

- the renewal and enlargement of the range of products and services and the associated markets;
- the establishment of new methods of production, supply and distribution;
- the introduction of changes in management, work organization, and the working conditions and skills of the workforce.'

<sup>(2)</sup> COM(95) 688 final.

financing available to small firms which are expanding their export trade and which, through their operations requiring financing, could attain a level where the setting up of joint ventures becomes feasible. In this connection, the Committee of the Regions also wishes to highlight the importance of the Europartenariat, Interprise and BC-net initiatives because they help SMEs to network and find business partners.

4.3.8. The Committee strongly endorses the proposed SME guarantee facility. It will improve the conditions for raising debt finance by SMEs across the European Union by increasing the volume of loans available, reducing lenders' collateral requirements and encouraging risk-taking by banks in their lending to SMEs.

4.3.9. In the view of the Committee of the Regions, attention needs to be paid not only to non-collateralized lending but to the interest rate applied to lending. In order to safeguard the job-creation capacity of SMEs in the best possible way, the Committee believes consideration should be given to the introduction, alongside the proposed guarantee facility, of a scheme whereby, in regions with major structural policy problems, it would be possible in separately defined situations to convert debt finance into a stake in the equity capital of the company concerned. This would be an appropriate arrangement in key sectors of vital importance for the development of a region where job creation has a positive impact on the development of the region as a whole.

## 5. Conclusions

5.1. Finally, the Committee of the Regions notes that the need for increased risk financing was not the only conclusion to be drawn from the debate on the Green Paper on Innovation. It was judged equally important to simplify the administrative and legal environment for small businesses and make it conducive to innovation. The First Action Plan for Innovation in Europe refers directly to the 'one-stop shop' principle. Given that the

Commission is now proposing the introduction of three separate facilities — one to be managed by itself, the other two by the EIF — and, further, that it is intended to implement all three facilities through intermediaries operating regionally or focusing on specific industries or technologies, it is extremely important from the point of view of business that the one-stop shop principle applies at least for the acquisition of information.

5.2. Although different intermediaries are required for each of the facilities, it should be ensured that information and practical instructions concerning all three facilities can be obtained from the same regional coordinator. This is important because the administrative and legal environment associated with EU programmes may be as foreign to firms as the 'environment of another country' which the Joint European Venture scheme is designed to help firms become familiar with.

5.3. Innovative small enterprises play a key role in regional development. Since EU regional policy stresses the importance of a strategic approach, the authorities responsible for regional development strategies should be kept closely informed when it comes to allocating the resources available under this programme.

5.4. Accordingly, the Committee of the Regions proposes that the funds and financial institutions operating as intermediaries for the three schemes, as well as the national coordinators for the programme, be required to communicate with the relevant regional authorities.

5.5. Finally, the Committee of the Regions would point out that the effects of the programme should be evaluated in broader terms than just statistical data on the firms receiving funding. It must be possible to analyse to what extent the programme has helped to generate permanent jobs which otherwise would not have been created and which have not led to job losses in competing or partner firms. This kind of evaluation can best be done in collaboration with local and regional authorities.

Brussels, 14 May 1998.

*The Chairman  
of the Committee of the Regions*

Manfred DAMMEYER

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**Opinion of the Committee of the Regions on the 'Communication from the Commission on the information strategy for the euro'**

(98/C 251/09)

THE COMMITTEE OF THE REGIONS,

having regard to the Communication from the Commission on the information strategy for the euro<sup>(1)</sup>;

having regard to its decision of 12 March 1998, under the fourth paragraph of Article 198c of the Treaty establishing the European Community, to draw up an opinion on the subject and to direct Commission 6 — Employment, Economic Policy, Single Market, Industry, SMEs, — to undertake the preparatory work;

having regard to the draft opinion (CdR 45/98 rev.) adopted by Commission 6 on 6 April 1998 (rapporteur: Mrs Oldfather),

adopted the following opinion at its 23rd plenary session on 13 and 14 May 1998 (meeting of 13 May).

## 1. Introduction

1.1. In its Opinion on Economic and Monetary Union (September 1996)<sup>(2)</sup> the Committee of the Regions emphasized its support for EMU. It stated that 'a common currency is a logical adjunct to the single market and will strengthen the European economy's position in the world' (point 2.2).

1.2. Local and regional authorities have major responsibilities in terms of education and economic development. They are also the level of government closest to the citizen, and collectively local and regional government is one of the largest employers in the European Union. In view of this role, local and regional authorities need to play a pivotal role in the introduction of the euro to ensure that European citizens and the business community are well informed.

1.3. In addition to this role, there will hardly be a local and regional government service or administrative area that will not be affected by the single currency and local and regional authorities need to be actively involved in the preparation for the introduction of the euro both at national and European level.

1.4. The information strategy for the euro needs to be considered in relation to other European Commission documents which give guidance on the introduction of the single currency. In particular, this opinion will draw on the Communication from the Commission entitled 'Update on the practical aspects of the introduction of the euro'<sup>(3)</sup>.

1.5. In view of the complexity of the introduction of the euro, there is a greater need for integrated strategies

involving all levels of government working closely with the public and private sectors. Information campaigns will play a crucial role in the development of these strategies. These campaigns must not only be targeted at the general public but they must also include key staff in local and regional government. Particular attention must be given to those staff who will be in daily contact with the public.

1.6. In view of these considerations, the Committee of the Regions welcomes the European Commission's Communication on its information strategy for the euro.

1.7. The Committee of the Regions welcomes the fact that the Communication is not only addressed to Member States and the European Parliament, but also to 'regional and local authorities, economic actors throughout the private sector and to many other groups whose activities will be touched by the arrival of the euro'. In view of their closeness to local and regional communities, regional and local authorities will be in a key position to discuss the practical implications of the euro with the private sector and other groups.

## 2. Comments on the European Commission's Communication on information strategy for the euro

### a) *Communicating the euro: objectives and roles*

2.1. This section of the communication examines the effectiveness of the European Commission's communications strategy which began in early 1996 and has included actions under the Information Programme for the European Citizen (Prince). The Committee of the Regions has actively supported the Prince programme since its inception. Local and regional government has been closely involved in the programme and has often

<sup>(1)</sup> COM(98) 39 final.

<sup>(2)</sup> OJ C 34, 3.2.1997, p. 1.

<sup>(3)</sup> COM(98) 61 final.

worked closely with other partners such as the financial sector to produce conferences, workshops, seminars and publications aimed at raising awareness of the issues associated with EMU and the introduction of the euro.

2.2. The initial targets of the European Commission's information strategy has been to:

- strengthen belief throughout the EU that EMU would be achieved according to the Treaty on European Union and
- raise awareness among banks, financial services providers and large companies of the need to begin early preparations for the changeover to the euro.

2.3. The communication is now suggesting new objectives for the information strategy and wishes to target its activities on the general public and small and medium sized enterprises (SMEs). It also wishes to ensure that 'there is a good understanding of EMU among political, administrative and business actors in third countries'.

2.4. The Committee of the Regions welcomes these new objectives and feels that local and regional government has a key role in working with the European institutions to ensure that these objectives are realized. The needs of citizens and SMEs are varied across the EU and local and regional authorities can help target the campaign effectively.

2.5. The Committee of the Regions notes that the importance of consumer protection is mentioned in terms of the communication strategy for the general public. The European Commission would like to introduce local 'observatories' which would be responsible for monitoring the impact of national communications actions on the euro. The Committee of the Regions would remind the European Commission that consumer protection is a function normally provided by local and regional government. The monitoring of this aspect of the introduction of the euro should be carried out by local and regional authorities rather than 'local observatories'.

2.6. The Committee of the Regions agrees with the European Commission when it states that 'preparing the population in general for the euro is not just a task for public authorities' and outlines the role of information relays, trade and professional associations, European associations, companies, banks, retailers and the providers of financial services. In view of this wide variety of organization it is important that the information strategy is properly coordinated at European, national, regional and local levels.

b) *The communications challenge: roles and responsibilities*

2.7. The communication outlines the roles and responsibilities of the Member States and the European

Commission. The strategy also outlines partnerships with the European institutions. The Committee of the Regions feels that it has an active role to play there as it can stimulate a debate amongst local and regional government and publicize good practice.

2.8. The Committee of the Regions warmly welcomes the objectives of the European Commission in the strategy. It feels that the Commission has a key role in coordinating activity and producing materials. However, the Committee of the Regions has concerns about the limited budget given the wide objectives of the programme. This is around ECU 100 million and the European Commission is correct in saying that Member States will 'now have to become more involved in the funding of the campaigns'.

2.9. The Committee of the Regions also recognizes the central role in the information strategy that Member States will play. The information element will be an important role in the national changeover plans. These national plans are crucial because they recognize the different financial, governmental and cultural structures throughout the European Union.

c) *A practical approach to communication actions*

2.10. The Committee of the Regions agrees that higher levels of public interest will be stimulated following the Council of Ministers meeting in May 1998 when decisions will be made on the membership of Economic and Monetary Union. This will be an ideal opportunity to intensify the information efforts as there will be a demand for more information on the euro.

2.11. The public's need for information will be further intensified on 1 January 1999 when the euro becomes a currency in its own right and exchange rates are locked against the euro.

d) *Dissemination of specific messages for the pre-ins*

2.12. The Committee of the Regions would like to make some comments in the communication strategy about the Member States who are not part of the first wave of Economic and Monetary Union. In European Commission terminology, these are called the 'pre-ins'. Paragraph 4.3.2 of the communication states that those Member States which are not on the list of countries in the first wave will have to contemplate preparing specific messages for their citizens. These messages could: explain the practical consequences of the country's non-participation in the euro zone; inform the public

about the ground to be made up before they can join the countries in the first wave; provide the information about the euro.

2.13. The Committee of the Regions would point out that some Member States have voluntarily decided to stay outside Economic and Monetary Union and that some of the above objectives of an information campaign from the European Commission may be inappropriate.

2.14. However it is important that the European Commission works with EU Member States outside EMU to identify information needs in the non-EMU countries. For instance, the creation of an EMU will also impact on exporters in countries outside the EU, and visitors to the euro zone will also need information. Local and regional government will have EU grants and loans paid in euros. These factors need to be taken into consideration in the construction of an information strategy for the 'pre-ins'.

e) *Instruments to be used in the communication strategy*

2.15. The communication outlines a wide variety of instruments to be used in the strategy. These include:

- radio and television;
- brochures;
- the Internet and CD-ROMS;
- answering services;
- conferences and seminars;
- communicating at grassroots levels (travelling exhibition and 'eurobuses');
- pilot projects aimed at specific groups.

This provides a wide range of methods to get the message across and there are many ways in which regional and local government can be involved in the strategy.

f) *The role of education in an information strategy*

2.16. The Committee of the Regions stresses the role of education in the information strategy. The work of an expert group is briefly outlined in an 'update in the practical aspects of the introduction of the euro'. The expert group looking at education states:

- the education system will in fact be one of the most fruitful areas of information campaigns in terms of the impact on the general public;

- young people of school age exert a definite multiplier effect within the family circle;

- information about the euro should be contained in teaching materials and integrated into the educational process.

2.17. The expert group concentrated on the education of young people. Whilst this is welcome, the role of adult and community education, together with the vocational training aspects, will be important parts of an information strategy. The educational packages created could also be adopted to the wider population, and take into account the particular needs of the elderly.

3. **The role of regional and local authorities in the information strategy**

3.1. The Committee of the Regions thinks that the information strategy should give a stronger role to the local and regional authorities, especially because one of the key objectives is to reach small and medium-sized enterprises and the citizen and because the euro will have a major impact on regional and local economies and their competitiveness.

3.2. The communication of the European Commission includes 'local and regional administrations, elected officials and officials in public administration' as part of its target audience (see section 4.3 of the communication) rather than as partner in the information strategy. However, local and regional government is extremely skilled in the development of information campaigns aimed at citizens and SMEs. It is also experienced in the development of partnerships with other economic actors. This experience would be an important component in the development of an effective information strategy for the introduction of the euro.

3.3. The communication states that the changeover to the euro by national administration is 'considerably more advanced than those that are local and decentralized. This is worrying because regional and local authorities have closer and more regular contact with the citizen' (Communication paragraph 4.3). As responsibility for the introduction of the single currency lies with the European Commission, the European Monetary Institute (later the European Central Bank) and Member States, it is hardly surprising that the plans of national administrations are more advanced than those of local and regional authorities. This occurs because local and regional government activity has to be developed in relation to the national plan and European legislation. The Committee of the Regions would like to point out that local and regional government has often worked closely with national administrations in planning for the euro and these partnerships are outlined in Table One.

TABLE 1

**Involvement of local and regional government in Member State preparation for economic and monetary union**

Member State	Involvement of local and regional government
Austria	The Länder and the municipalities are represented in the body chaired by the Federal Minister of Finances and the Austrian National Bank.
Belgium	A working group of local authorities has been established by the Ministry of Home Affairs.
Denmark	Denmark will not take part in the third stage of EMU, but it will take part in ERM2. The Danish government has established a euro committee at national level.
Finland	Local and regional authorities participate in the 'public sector working group'.
France	Steering committees have been set up in each 'département' under the authority of the prefect, as well as follow-up committees in the departments under the authority of the department treasurers (Trésorier payeur général).
Germany	The Länder have been represented in federal working groups since the start of EMU planning. A number of Länder have established their own working group and the larger municipalities have appointed 'Euro coordinators'. All chambers of commerce have set up a 'Euro contact point' for the private sector.
Greece	A working group which will include local and regional authorities is soon to be established.
Ireland	A Local Authority Liaison Group has been established to assist and advise local and regional authorities establish changeover teams and prepare changeover plans. Regional seminars have already been held by this Group. The Local Government Computer Services Board is considering IT implications.
Italy	Each region has established a 'euro provincial committee'.
Luxembourg	A local correspondent for the euro has been set up in each municipality.
The Netherlands	The Association of Municipalities (VNG) is a member of the national forum on the euro. A working group 'euro and the municipalities' has been established.
Spain	An expert group has been formed by the Spanish Autonomous Communities.
Sweden	Local and regional authorities participate in the working groups of the national government.
United Kingdom	Euro Preparations Unit of the Treasury to organize regional conferences. The Department of the Environment, Transport and the Regions (DETR) to establish a working group on the impact of the euro on local government.

3.4. In addition to this involvement, local and regional authorities have been involved in some innovative actions. There has been a six month experiment in the Tuscany region of Italy where euro notes and coins have been produced and can be exchanged in shops, banks and offices alongside the existing currency. Local and regional authorities, a Florentine bank and the European Commission have been involved in this project.

3.5. A number of local authority associations, and individual local and regional authorities have produced handbooks and/or checklists on the introduction of the single currency. For instance, the Finnish Association of Local Authorities has written two booklets which gives

guidelines to local authorities about the introduction of the euro. The first booklet gives a macro-level view of the situation, while the second booklet provides member councils with a check list for the practical arrangements that they will need to make. The check list is being piloted in one or two municipalities and then it will be revised. The German Land of Bavaria has also produced an information brochure for municipalities in Bavaria which includes a check list. They have had consultations with local savings banks and the Deutsche Bank on the introduction of the euro. Similarly, Austrian local authorities have set up action plans for euro conversion by their administrations.

3.6. Local and regional government has also worked closely with organizations such as the Fédération des

Experts Comptables Européens (FEE) in the production of material which outlines a strategic approach to the introduction of the euro.

3.7. Regional and local authorities need to develop a strategy for the introduction of the euro so that it can play a key role in the information strategy devised by the European Commission. This strategy has to be aware of the wide ranging changes to finance and IT systems, the training of key personnel, and its impact on services delivery, particularly the important education and economic development functions which are the responsibility of many local and regional authorities in the EU.

#### 4. Conclusions

4.1. The Committee of the Regions welcomes the Communication from the European Commission on the information strategy for the introduction of the euro and feels that it is an important document in the move towards an Economic and Monetary Union.

4.2. The Committee of the Regions together with local and regional authorities feels that it has played an influential role in promoting debate on Economic and Monetary Union through the Prince programme.

4.3. The Committee of the Regions agrees with the European Commission's objectives for the information strategy and believes that the campaign should be targeted at the general public and small and medium-sized enterprises (SMEs).

4.4. Regarding the pilot projects aimed at specific population groups, the Committee of the Regions points out that local authorities are in the best position to address the vulnerable groups in society, like: elderly people, handicapped, illiterate, poor people, young people and immigrants. These groups will have considerable more difficulty in getting information about the

Euro and familiarizing themselves with it. They can best be addressed by the organization closest to them: their local authority.

4.5. The Committee of the Regions underlines that local and regional authorities should be included in the information strategy as partners in their own right. This opinion outlines some of the important work done by local and regional government on the introduction of the euro.

4.6. The Committee of the Regions feels that the information campaigns need careful consideration in the countries which have not been part of the first wave of entrants and that the European Commission continues the dialogue with these Member States.

4.7. The Committee of the Regions notes with regret that little to no attention is given to the role of the press. The press have a big responsibility in informing the general public, so it seems logical to involve them and to make use of the existing channels. As representative of local and regional authorities, the Committee of the Regions in particular stresses the role of local and regional press as media very close to the people. Making use of the existing media will prove to be a very (cost-)effective way to reach the general public. It is a well known fact that local and regional media are amongst the most important sources of information of most citizens.

4.8. The Committee of the Regions would remind the European Commission of the important role that education can play in an information strategy and would urge the European Commission to take due regard of the comments on this role in 'the practical aspects of the implementation of the euro'.

4.9. The Committee of the Regions would like to work closely with other European institutions on the introduction of the euro and stimulate debate amongst local and regional authorities.

Brussels, 13 May 1998.

*The Chairman*  
*of the Committee of the Regions*  
Manfred DAMMEYER

**Opinion of the Committee of the Regions on:**

- the ‘Communication from the Commission on the follow-up to the Green Paper on the protection of minors and human dignity in audiovisual and information services including a Proposal for a Council Recommendation’, and
- the ‘Communication from the Commission and Proposal for a Council Decision adopting an action plan on promoting safe use of the Internet’

(98/C 251/10)

THE COMMITTEE OF THE REGIONS,

having regard to the Communication from the Commission on the follow-up to the Green Paper on the protection of minors and human dignity in audiovisual and information services including a Proposal for a Council Recommendation<sup>(1)</sup> and the Communication from the Commission and Proposal for a Council Decision adopting an action plan on promoting safe use of the Internet<sup>(2)</sup>;

having regard to the decision of the Council of 26 January 1998 to consult the Committee of the Regions on the subject, under the first paragraph of Article 198c of the Treaty establishing the European Community;

having regard to the decision of the COR chairman of 20 January 1998, confirmed by the bureau on 12 March 1998, to instruct Commission 7 for Education, Vocational Training, Culture, Youth, Sport, Citizens’ Rights to draw up the Opinion;

having regard to the draft Opinion (CdR 54/98 rev.) adopted by Commission 7 on 1 April 1998 (rapporteur: Mrs Onkelinx),

unanimously adopted the following Opinion at its 23rd plenary session of 13 and 14 May 1998 (meeting of 14 May).

**1. Introduction**

Communication on illegal and harmful content on the Internet, it stressed that the two documents were complementary.

*1.1. Political convergence*

1.1.1. The Committee of the Regions is pleased to note that questions related to safer use of the Internet command broad political support, both in terms of priority and guidelines, at the Commission, Council and European Parliament and in the Member States.

1.1.2. The Committee of the Regions endorses this general consensus, which is reflected in the proposal for recommendation and the proposal for an action plan, and welcomes the balance struck between cultural concerns and those of a more technical, telecommunications-related nature.

1.2.2. In its Opinion on the subject<sup>(3)</sup> the Committee of the Regions particularly stressed the need to achieve coherence.

1.2.3. This concern for complementarity is reflected in the relationship between the two documents currently under consideration. The Commission states that:

- the Council recommendation accompanying the Communication on the follow-up to the Green Paper on the protection of minors and human dignity in audiovisual and information services is a legal instrument and is intended to establish common guidelines for the implementation of a self-regulation framework at national level to protect minors and human dignity;

*1.2. Complementarity of the documents*

1.2.1. When in 1996 the Commission published its Green Paper on the protection of minors and human dignity in audiovisual and information services and its

- the action plan proposes specific measures to be financed from Community resources with a view

<sup>(1)</sup> COM(97) 570 final - 97/0329 (CNS).

<sup>(2)</sup> COM(97) 582 final - 97/0337 (CNS) — OJ C 48, 13.2.1998, p. 8.

<sup>(3)</sup> CdR 440/96 fin — OJ C 215, 16.7.1997, p. 37.

to promoting an environment favourable to the development of industries related to the Internet.

## 2. General comments

### 2.1. *Involvement of the regional and local authorities*

2.1.1. The Committee of the Regions considers the legal instrument proposed, a recommendation, to be appropriate to the extent that it sets out to promote the voluntary participation of all parties concerned in the drawing up, implementation and evaluation of measures to protect minors and human dignity.

2.1.2. The principle of subsidiarity has also been fully respected, as the recommendation stresses the need for measures at national level, with Community action aimed at ensuring the coherence and maximizing the efficiency of national measures by proposing common guidelines for self-regulation, coordinating work and encouraging cooperation at European and international level.

2.1.3. The problem of protecting minors and human dignity above all requires national responses. But in view of the international and decentralized nature of on-line and Internet services, these national responses will be fully effective only if a form of coordination and cooperation is established at European and international level.

2.1.4. The Committee of the Regions regrets however that neither the proposal for a recommendation nor the proposal for an action plan mentions the regional and local authorities, which are nonetheless involved in a variety of ways: thus they have a role in terms of raising awareness, particularly in view of their responsibility for education services, and in a more general sense by virtue of their closeness to citizens; they are also involved through their responsibility for local police, police training etc.

### 2.2. *Participation of all parties*

2.2.1. The proposal for a recommendation aims to promote the participation of all the parties concerned (users, consumers, businesses, public authorities) in the drawing up, implementation and evaluation of measures for the protection of minors and human dignity.

2.2.2. Stress should be laid on the participation of all parties, that is including the users of new information

services. The example of countries which have already implemented national measures, such as codes of conduct and representative structures, has highlighted both the difficulty of involving users (as they do not necessarily have representative associations) and the importance of their being represented for the acceptability and credibility of the measures. Notwithstanding these difficulties, the national public authorities should intervene where necessary to ensure representativeness.

## 3. Specific comments

### 3.1. *National self-regulation frameworks*

3.1.1. The proposal for a recommendation sets out to complement the existing regulatory frameworks by encouraging the drawing up of national self-regulation frameworks applicable to on-line services, whilst respecting the principles and methods set out in the annex to the proposal.

3.1.2. The common guidelines set out in the annex are endorsed; these embody the four key elements of the national self-regulation framework:

3.1.3. The importance of the consultation and representativeness of the parties concerned, particularly users, has already been highlighted. It will be up to each Member State to organize the consultation process in accordance with individual national characteristics. Representativeness should however always remain a common European objective.

3.1.4. As regards the codes of conduct, it should be borne in mind that these are a useful preventive self-regulation mechanism guaranteeing the acceptability of standards and permitting rapid and flexible reaction to behaviour considered harmful or illegal. Self-regulation should not however compromise the principle of the responsibility of the parties concerned, but should, rather, make it possible to evaluate the efforts made by the parties to fulfil their obligations. It should be borne in mind that self-regulation arrangements are no substitute for a regulatory framework, but should always form part of this.

3.1.5. Apart from the basic rules mentioned in the annex, the codes of conduct could also provide information for each party concerned on the nature of the criminal, civil or administrative-law liabilities entered into under the national regulatory frameworks, and the nature of the sanctions which they risk incurring in the event of any infringement of regulatory standards.

3.1.6. Having said that, the idea of encouraging the adoption of common objectives for the drawing up of national codes of conduct has to be supported as long as these objectives remain a matter for the Member States. Respect for the diverse approaches and sensitivities of the various EU Member States does not preclude some form of coordination of national initiatives, which is necessary if the same pitfalls are to be avoided as occur in criminal law over the diversity of national standards.

3.1.7. The setting up of national representative bodies is clearly an important factor in facilitating cooperation at EU level. These representative bodies also have an important role to play in the implementation and evaluation of the codes of conduct.

3.1.8. The periodic evaluation of national self-regulation frameworks is fundamental to the effectiveness and credibility of the frameworks. Moreover, common European-level evaluation methods are needed if it is to be possible to compare diverse experience and to enable all EU Member States to benefit from this.

3.1.9. The first action line of the proposal for an action plan (Creating a safe environment) aims to promote the establishment of a European network of hotlines, and to help self-regulation organizations develop guidelines for codes of conduct at European level. This action line thus supports the annex to the proposal for a recommendation in implementing the common guidelines contained in the annex.

### 3.2. *Television broadcasting services*

3.2.1. As regards the television broadcasting services covered by the Television without Frontiers Directive, the European Council's position on the V-chip does not preclude encouraging experimentation on a voluntary basis with new ways of enabling broadcasting organizations to protect minors. Clearly, the advent of digital television opens the door to the use of parental control and information systems which are much more flexible than the V-chip of the analogue universe. It would be a very good thing for the proposal for a recommendation to encourage such experimentation.

3.2.2. Encouragement of such experimentation should not however absolve broadcasting organizations of their responsibility for content which might damage the physical, mental or moral development of minors.

In any case, the rules on the subject laid down in the Television without Frontiers Directive and in the national regulatory frameworks continue to apply.

### 3.3. *Cooperation between judicial and police authorities*

3.3.1. This is needed if the dissemination of illegal content is to be effectively combated; cooperation should be organized within the framework of the third pillar of the European Union.

3.3.2. It is therefore important for a political signal in favour of cooperation to be given. The Committee of the Regions considers the proposal for a recommendation to be the appropriate framework for this.

3.3.3. It should be borne in mind however that cooperation does not eliminate the problem of divergences at national level in drawing the dividing line between what is illegal and what is not. There are regional cultural sensitivities even within the Member States themselves and these should be taken into account.

### 3.4. *Educating users in the media and encouraging a sense of responsibility*

3.4.1. The adoption of measures to develop minors' sense of responsibility in their approach to audiovisual and information services and to facilitate their access to high-quality content and services, e.g. in public places and educational establishments, clearly requires the mobilization of all the parties concerned. The role of parents and teachers in using suitable protection arrangements for access to the Internet at home or at school springs to mind, as does the role of firms in developing and promoting filter systems.

3.4.2. The Committee of the Regions regrets however that the proposal for a recommendation does not sufficiently stress the fundamental role of the public authorities, particularly regional and local authorities, in the field of media education, including the familiarization of teachers with new information technologies. The development of access for minors to new services at school is a necessary condition for their acquisition of skills in new technologies and their responsible use of these technologies; it will however also be a sufficient condition only if access is matched by a programme of

education aimed at imparting to minors the knowledge they need to exploit the potential of the new technologies, and at giving teachers the training they need to educate minors in responsible use.

3.4.3. The proposal for an action plan provides support for actions to foster Internet awareness aimed at teachers and the general public. The communication accompanying the proposal states that these awareness actions will cover industrial initiatives in the field of self-regulation, filtering and rating, while at the same time aiming to boost the confidence of parents and teachers in the ability of children to use the Internet safely.

3.4.4. This proposal does not, any more than the proposal for a recommendation, tackle questions related to the Internet familiarization of teachers and children for educational purposes. Although this type of action is provided for in the action plan on learning in the information society, in particular in the actions on promoting training and support for teachers and trainers in integrating technology in teaching methods, and on informing all the players of the educational opportunities afforded by audio-visual equipment and multimedia products, the Committee of the Regions considers that the complementarity of these two instruments would be strengthened if links were clearly signposted.

### 3.5. *Legal liability and labelling*

3.5.1. The Committee of the Regions points out that a number of questions raised in the green paper are not mentioned in the communication and the proposal for a recommendation, e.g. operators' liability and the approach to labelling on-line and Internet services.

3.5.2. Questions relating to liability (type, operators affected) are important for the legal security of all operators, and thus for the development of on-line and Internet services.

3.5.3. The Committee of the Regions notes that the 'support actions' envisaged by the proposal for an action plan provide for a call for tenders for the assessment of legal questions raised by the content or the use of the Internet. But apart from needing exhaustive legal studies, we also need to know whether and how the Commission intends to follow up the work of the green paper on this subject, particularly as national responses are now

beginning to come in (for example the principle of graduated liability introduced in Germany by the inter-state treaty on information services).

3.5.4. It is also regrettable that the problem of labelling on-line and Internet services is not tackled more explicitly in the proposal for a recommendation, except indirectly in the common guidelines on codes of conduct. The green paper in fact highlighted the PICS specification, which is at present the only specification capable of taking account of different sensitivities. Moreover, the consultation process has given rise to the concept of two-level labelling (descriptive and evaluative), which would enable different evaluation systems to be developed while at the same time providing an environment favourable to the development of large-scale site labelling.

3.5.5. Considerable Community 'added value' could be achieved in this area by implementing at EU level a common system of descriptive labelling. This common system would then permit the co-existence of different systems of evaluative labelling, both national and supranational, which would respect the diverse sensitivities existing within the European Union.

3.5.6. It should be mentioned that the action line for developing filtering and rating systems in the proposal for an action plan contributes to the realisation of this objective, first because it calls for proposals aimed at demonstrating the potential of filtering and rating systems, and secondly because it aims to ensure a coordinated contribution by Europe to international agreements on labelling protocols and systems.

3.5.7. In this context, it might also be appropriate for the proposal for a recommendation to call on the Commission to foster, in collaboration with all the parties concerned, the development of a common approach to the definition of on-line and Internet service filtering and rating systems.

## 4. Conclusions

4.1. The Committee of the Regions welcomes the political convergence in all the EU bodies on the way to tackle problems connected with safer use of the Internet. This has brought greater coherence to the way the European Commission approaches these problems.

4.2. The Committee points out that, within the limits of its competence, it has contributed in a significant and constructive way to the establishment of this consensus.

It therefore greatly regrets that neither the proposal for a recommendation nor the proposal for an action plan highlights the important and fundamental implementing role of the regional and local authorities.

4.3. The Committee stresses the importance of full representation of the users of new information services on the national-level bodies responsible for drawing up, implementing and evaluating measures for the protection of minors and human dignity.

4.4. Although support, via the establishment of common objectives, for the drawing up of national self-regulation frameworks appears likely to promote the necessary cooperation between the Member States, the Committee of the Regions points out that self-regulation is no substitute for a regulatory framework, but should always form part of this.

4.5. The Committee of the Regions feels that the proposal for a recommendation should also open up the

way to experimentation with new approaches to the protection of minors by broadcasting organizations, particularly in view of the advent of digital television.

4.6. The proposal for a recommendation should also provide an opportunity for the adoption of a standpoint on more far-reaching cooperation between judicial and police authorities than is currently the case under the third pillar.

4.7. The Committee of the Regions also regrets that more is not made of the problem of fostering user responsibility, particularly with regard to the acquisition of Internet skills by teachers and children for educational purposes.

4.8. Finally, the Committee of the Regions asks that the proposal for a recommendation also take account of important questions raised in the green paper, concerning the legal liability of operators and the process of labelling on-line and Internet services.

Brussels, 14 May 1998.

*The Chairman  
of the Committee of the Regions*

Manfred DAMMEYER

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