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MEPs back new category for 'in-between' regions

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European Parliament members have endorsed the idea of dividing Europe's regions into three groups, according to their level of wealth, by adding a new category between the poorest and more prosperous regions.

Background

The regional policy (or cohesion policy) of the European Union has the overall goal of promoting economic prosperity and social cohesion throughout the 27 member states and their 271 regions.

Under the current system, there are two broad categories. The poorest regions, defined as those where the GDP per person is less than 75% of the EU average, are put into the category of 'convergence' regions. All of the remaining regions are considered as 'competitiveness' regions.

The Commission wants to create a third category for regions that are poorer than average, but not poor enough to qualify as 'convergence' regions. The new category would apply to regions with a GDP per person that falls between 75% and 90% of the EU average.

Members of the European Parliament's regional development (REGI) committee voted yesterday (26 May) in favour of a compromise put forward by the Socialists & Democrats (S&D) group.

The amendment was supported by 27 of the MEPs who took part in yesterday's meeting, with 18 voting against.

According to the adopted text, the Parliament will call on the European Commission to table proposals to address the needs of regions with a level of GDP per person that falls between 75% and 90% of the EU average.

Supporting 'intermediate' regions

The proposed new 'intermediate' category would replace 'phasing-out' and 'phasing-in' mechanisms which are part of the current system for deciding how much money each region can receive from the EU's structural funds.

The REGI committee was voting on a report on the future of the EU's cohesion policy after 2013, drafted by German centre-right MEP Markus Pieper (European People's Party).

In the final vote, 31 MEPs voted in favour of the text, including amendments, with four against and nine abstaining.

The report represents the Parliament's official response to the Fifth Report on economic, social and territorial cohesion, which was published by the European Commission at the end of last year.

The amended text is due to be debated and voted on by the whole European Parliament during a so-called 'mini-plenary' session in Brussels on 22 or 23 June.

Official EU statistics show that some 50 regions, with a combined 72 million inhabitants (14% of the total EU population), could qualify for inclusion in the new intermediate category.

Danuta Hübner MEP (EPP), who chairs the Parliament's REGI committee, told EurActiv that she supports the idea of a new intermediate category because this would ensure that all regions facing similar challenges are treated on an equal basis.

She said it was not fair that under the current system, regions with identical levels of wealth, as measured by GDP per person, can receive very different levels of support from the European Regional Development Fund (ERDF) and other EU funds.

Under the 'phasing-out' and 'phasing-in' system, regions that were previously considered poor are entitled to extra financial support for several years after their economic situation has improved, to ensure a kind of 'soft landing'.

Currently, a former 'convergence' region is eligible to receive up to seven or eight times as much money as another region of the same size, with exactly the same level of wealth.

Commission urged to act

Hübner agrees with the majority of her colleagues that the Parliament should ask the Commission to consider how the needs of different types of regions could be addressed in a way that is based on objective and transparent criteria.

"We expect the Commission to come forward with a proposal that sets out all the consequences [of introducing an intermediate category], including the budgetary and legal consequences," said the Polish MEP.

Hübner, who was the EU commissioner in charge of regional policy from 2004 until 2009, believes that the introduction of a new category would not require any extra money, compared to the current budget for cohesion policy which is around €50 billion per year.

The former commissioner promised "huge savings" resulting from a reduction in the number of convergence regions between the current funding period and the next one, which is due to start in 2014.

The money which would otherwise have been used to finance a 'phasing-out' mechanism for around 20 former convergence regions, should - according to Hübner - instead be shared more evenly among a greater number of regions.

The result of yesterday's vote was warmly welcomed by members of the Socialists & Democrats (S&D) group in the European Parliament.

MEPs Constanze Krehl (Germany) and Giorgos Stavrakakis (Greece) described the proposed new intermediate category as "fair, transparent, based on solidarity and justified".

The president of the EU Committee of the Regions (CoR), Mercedes Bresso, also welcomed MEPs' support for the introduction of a new category for 'in-between' regions.

"The creation of this 'intermediate' category in EU regional policy is a key demand of the Committee of the Regions," said Bresso.

"In our view, such a new funding category must cover all regions whose gross domestic product is between 75% and 90% of the EU average," she continued.

"I am happy that a majority in the EP's regional development committee supports this approach, which would guarantee equal treatment of all concerned regions, regardless of their current funding status."

Rapporteur dismayed by outcome

However, the German centre-right MEP who drafted the original text was quick to criticise colleagues who had voted in favour of the idea of asking the Commission to develop proposals for a new category.

Markus Pieper told EurActiv that the introduction of a new 'intermediate' category could cost up to €20 billion over a seven-year period.

The EPP member compared the proposed new category with the sleeping car of an overnight train, and warned that regions would feel "too comfortable".

"We have a proven transitional system with one-time phasing-out rules for former convergence regions," said Pieper.

"A permanent intermediate category would lack any incentive for the funds to be spent efficiently on structural improvements," he added.

"If such a category came true, the basic philosophy of the EU cohesion policy, which is to support the poorest regions, would be lost," he warned.

Positions

The **European Commission** welcomed the adoption of the report in the REGI committee.

"This is a very important contribution for the future of cohesion policy and strong signal of the European Parliament that it supports a future-oriented and dynamic investment policy, in order to implement the Europe 2020 Strategy on the ground, in the regions," said a Commission spokesperson.

MEPs Constanze Krehl (Germany) and Giorgos Stavrakakis (Greece), from the **Socialists & Democrats (S&D)** group in the European Parliament, said the regional development committee was "reacting to urgent challenges such as unemployment, social inclusion and climate change".

"Strengthened partnership with intense involvement of towns and cities is another important point for the S&D group and the committee."

"The committee has given a clear No to the idea of denying economically weak regions access to structural funds just because the country in which they lie does not meet the stability and growth criteria."

German Green MEP Elisabeth Schroedter said: "We Greens are disappointed that the key goal in the Europe 2020 strategy of a resource-efficient Europe received no support from the regional development committee. Huge infrastructure projects do not help regions to achieve sustainable stability."

"As a result of major climate change many regions are at risk of flooding and drought, which will be very costly to the economy in the long run. Therefore EU structural funds must focus on sustainability and integrate climate change. This is the only way to spend taxpayers' money properly," she insisted.

"Without the clear goal of sustainability, the Greens could not support Markus Pieper's report today," Schroedter said, adding that the group would table amendments in the hope that they would be taken on board during the plenary vote in June.

Czech MEP Oldřich Vlasák, European Conservatives and Reformists (ECR) group coordinator in the REGI committee, said: "From the start we had reservations against the idea of new objective or the so-called intermediate category that would cover all regions with a GDP per capita between 75% and 90% of the EU average."

"We were strongly against the Socialists' proposal for a limited duration of this category for the next period. If it is the right way forward, it should be forever, if not, we should not introduce it. Having it only for a couple of years would be an unequal standard for many European regions, especially from the new member states, which will reach this level only after the next financial period."

Michèle Sabban, president of the **Assembly of European Regions**, said "the regions of Europe can be pleased with the support of the REGI committee for the future of cohesion policy. We strongly encourage all members of the European Parliament to follow their colleagues along the path they have opened".

"Even if nothing is certain and it is only a first step in the right direction, we want to be hopeful because it has been shown that a genuine cohesion policy for all is one of the keys to resolving the economic crisis and achieving the targets of the Europe 2020 strategy."

"The Assembly of European Regions vigorously supports the idea that any conditionalities must respect the principles of subsidiarity and partnership."

"Finally, we support the call for an intermediate category, and we insist on the need to find a transparent and equitable solution to this issue," Sabban concluded.

Michel Delebarre, vice-president of the **Committee of the Regions**, said: "I am delighted that the concept of a future cohesion policy accessible to all European regions is gaining ground and that the CoR has contributed to such developments."

"Now that the CoR and the competent EP committees have taken a clear stance, the ball is in President Barroso's court when elaborating the next financial perspectives and the place of cohesion policy in them!"

Links

EU official documents

- European Commission: [Fifth Report on Economic, Social and Territorial Cohesion](#)

Political Groups

- Greens/EFA group: [Zukunft der Kohäsionspolitik: Grüne enttäuscht - Ressourceneffizientes Europa kam im Regionalausschuss unter die Räder](#) (Press release; 26 May 2011)

European Union

- European Parliament: [Committee on regional development](#)

Political Parties

- Party of European Socialists (PES): [EURO MPs throw cash lifeline to hard-hit regions](#) (Press release; 26 May 2011)

European Union

- European Commission: [Future cohesion policy](#)