

JOINT MEMORANDUM OF REGIONS IN SUPPORT OF THE REGIONAL COMPETITIVENESS AND EMPLOYMENT OBJECTIVE 2007-2013

The Regions signatory to the present memorandum, based in EU Member States of the EU and representing a total of inhabitants, share the objective set by the Lisbon strategy in March 2000 and completed in Gothenburg in June 2001, of making the European economy the most competitive and dynamic in the world within a framework of sustainable development and social cohesion. They applaud and support the European Commission's proposal to reorganise cohesion policy around three new priority objectives:

Convergence Objective: Similar to Objective 1 for the 2000-2006 period, this concentrates aid in the least economically developed regions and Member States, while anticipating growth in the rest of the EU.

Regional Competitiveness and Employment Objective: Targeted along the strategic guidelines adopted by the Council in Lisbon and Gothenburg, this plays an essential role in promoting these two agendas among all public-sector players, while at the same time preventing new imbalances that would go against the objective of territorial cohesion as laid down in the draft Constitutional Treaty. This Objective is designed to:

- maintain a regional policy in the rest of the Union aimed at improving the competitiveness and attractiveness of regions by anticipating economic and social changes and supporting innovation;
- help workers and businesses adapt to globalisation and encourage the development of job markets aimed at social inclusion, on the basis of the European employment strategy.

European Territorial Cooperation Objective: Based on the widespread participation of regional authorities, this is intended to step up European territorial cooperation at three levels, i.e. cross-border, transnational, and networking to encourage cooperation and the exchange of experiences on an EU-wide basis.

The reform of the structural funds and the way they are delivered, as well as the adoption of a new multi-annual financial framework for the 2007-2013 period, will play a large part in defining the conditions under which we the undersigned, may propose and implement our regional development projects. Excluding these regions from the benefits of structural funds will undermine the drivers of development in these regions. For this reason, the undersigned Regions urge the Council and the other EU institutions to take into account the following factors to ensure sustainable economic, social and territorial cohesion after 2007.

We back the Commission in its refusal to agree to a lower cap on the EU budget. A reduced budget would effectively make it impossible to achieve the Union's objectives, particularly those set out in the Lisbon agenda. We also express our concern as to the decision to focus a large part of this reduction on the competitiveness and employment objective, especially as the amount of per capita funding at constant value (euros) already

stands well below that of the current period. We also recall that at the beginning of the 2000-2006 period the structural funds have been used to full effect, with a spending rate close to 100%, something few policies are able to claim.

The undersigned Regions therefore feel that the Commission's proposal properly reflects the necessary balance and complementarity between regional funds aimed at regional competitiveness and employment and the funds allocated under heading 1.a) of the new financial perspectives, "Competitiveness for growth and employment".

Maintaining this regional policy instrument is essential for achieving the objectives set at the European Councils of Lisbon and Gothenburg. It is indeed vital to involve the regions and their institutions, which have so far shown positive results as far as application of the subsidiarity principle is concerned. Rejecting this competitiveness and employment objective would lead to weaker European cohesion, as the cost of enlargement would fall especially on these regions with intermediate incomes that are faced with the need to reduce their structural deficits.

In this regard, we particularly draw the Member States' attention to the following:

- It is necessary to define how EU sectoral policies and the structural funds can be made more complementary, both on a strategic level and in terms of how they are delivered.
- Notwithstanding the urgent priority to be given to convergence for the new Member States, it is essential to maintain structural funds for the regions of EU-15 currently eligible under Objective 2, in order to aid their development and help them consolidate their position in an enlarged Community.

The undersigned Regions support the European Commission in its efforts to simplify the processes of monitoring and managing programmes. The issue of decentralisation is in effect tied up with that of greater efficiency. We are pleased with the Commission's proposal to simplify the ways of managing programmes, particularly the regional programmes. The Commission should ensure that this effort continues and that simplification is also experienced by project applicants and managers EU wide. The proposed guidelines focus on defining of the overall strategy for Community intervention, and leave the national, regional and local authorities with the responsibility for defining rules concerning eligibility for expenditure. In particular, eliminating zoning should pave the way for interventions that are more consistent with regional development strategies, as this will enable a coherent strategy to be established on a region-wide basis.

Finally, we the undersigned Regions, encourage the European Commission, as part of its intention to establish a more systematic political dialogue with the regional and local institutions, to take into account the disastrous effects that the revision of regional aid along its current lines would have on the great majority of regions. The exclusion of the majority of the regions from the zones benefiting from regional aid and the application of identical funding rates for all territories that do not fall under the 'convergence', 'phasing in' and 'phasing out' categories, does in fact represent a serious setback to the economic development of these regions. Once again, this direction is incompatible with and totally opposed to the principles of economic and territorial cohesion.

This approach would lead to a total elimination of aid for production investment for the large European enterprises located outside these regions. Furthermore, it is important to support investments by these companies so as to encourage the creation of business

networks and strong centres of excellence. To this effect, we especially wish to draw the attention of the European Commission to the threat that abolishing these aids would pose to the general competitiveness of the EU in an increasingly globalised economy.

Similarly, the drastic cut in aid granted to SMEs in regions currently eligible under Objective 2 goes against all aims to maintaining a thriving business activity in places that are economically less attractive, such as certain rural areas or territories suffering from permanent handicaps.

List of signatory Regions

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- YYY – Finland (T)
- ZZZ – France (P)
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