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**NOTE**

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from :	General Secretariat of the Council
To :	Delegations
Subject:	Partial summary of the meeting of the <b>Committee on Regional Development (REGI)</b> , held in Brussels on 11 July 2012

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The meeting was chaired by Ms Danuta Maria HÜBNER (EPP, PL), Chair of the Regional Development Committee (REGI).

**Exchange of views with Mr Andreas MAVROYIANNIS, Deputy Minister for European Affairs, President in office of the Council, on the priorities of the Cyprus Presidency of the Council.**

In his introductory remarks Mr Mavroyiannis expressed his appreciation of the work of the European Parliament and said that the Cyprus Presidency was committed to continue the close cooperation with the Parliament. He referred to several meetings that had already taken place between the Parliament Committees and competent Ministers from Cyprus and to his recent meeting with the Conference of Committee Chairs.

Mr Mavroyiannis mentioned the current deep crisis that was affecting economies and societies throughout the Union and emphasized that much work was needed to help Europe emerge stronger from this crisis and reinstate its position in the international scene. The main objective was to bequeath a better Europe to the next generations.

The Deputy Minister mentioned the four key priorities of the Cyprus Presidency:

1. Europe, more efficient and sustainable
2. Europe, with a better performing and growth economy
3. Europe, more relevant to its citizens, with solidarity and social cohesion
4. Europe, in the world, closer to its neighbours.

The Deputy Minister said that within the context of the first priority, the main focus of the Cyprus Presidency would be the conclusion of the negotiations on the Multiannual Financial Framework (MFF) for the period 2014-2020. He announced that in line with the mandate given by the June European Council for the completion of negotiations by the end of 2012, the Cyprus Presidency would build on the progress achieved by the Danish Presidency. The overall goal was a fair and effective EU budget, aiming at providing a strong impetus to growth, competitiveness and employment, with special emphasis on youth. The Deputy Minister mentioned that the MFF would be on the agenda of all General Affairs Councils under the Cyprus Presidency until negotiations are concluded. He said that the aim of the Presidency was to bring the dossier to the required maturity level that would allow for a first attempt at a political agreement at the October European Council. If this were not possible, discussions would continue in order to prepare the ground for concluding in December.

The Deputy Minister said that Cohesion Policy was not only a manifestation of European solidarity but a major investment policy with a significant role in boosting growth and jobs. At the same time it should maintain its objective of economic, social and territorial cohesion as a result of it being based on the fundamental principle of solidarity. Mr Mavroyiannis outlined the vision for the new reformed Cohesion Policy to be more efficient and result-oriented. He said it could be a key tool in carrying out structural reforms across the European Union.

The Deputy Minister also stressed that the Cyprus Presidency would place great emphasis on the advancement of the Cohesion Policy's territorial approach.

Following his introductory presentation of the Presidency's priorities, Deputy Minister Mavroyiannis exchanged views with MEPs on several issues, including:

a) MFF, Cohesion Policy

Mr Georgios STAVRAKAKIS (ALDE, GR) expressed his conviction that the Cyprus Presidency had understood the importance of the role played by Cohesion Policy and his confidence in the Presidency to conclude the negotiations before the end of the year.

Ms Constanze Angela KREHL (ALDE, DE) welcomed the approach of the Presidency. She said that a modern Cohesion policy was needed, based on solidarity and geared to achieve results and to help weaker regions in the Member States to make progress towards delivering European objectives together. Mr Oldřich VLASÁK (ECR, CZ) expressed his concerns about the proposed transfer of EUR 10 billion from the Cohesion Fund budget to the Connecting Europe Facility. Deputy Minister MAVROYIANNIS said that he was aware of this concern, but could not take a position on this. He explained that there were different views among the Member States and that it was not yet clear how the issue would be handled. Mr Charalampos ANGOURAKIS (GUE/NGL, GR) on the other hand expressed a pessimistic view about cohesion in general, saying that there was no real cohesion any more. He recalled that the Europe 2020 Strategy, the earlier Lisbon Strategy and some other past policies had only led to divergence between countries and the exclusion of the poorest and least developed countries, and had led to a multi-speed Europe. In his reply the Deputy Minister stressed that one of the Presidency's main priorities was to facilitate the timely agreement of the new legislative package on Cohesion Policy.

b) European Parliament – a real co-legislator

Mr Lambert van NISTELROOIJ (EPP, NL) criticised the Danish Presidency, saying that the European Parliament had only been informed, and that there had been no real cooperation. He emphasised the new role of the European Parliament as a co-legislator. He mentioned that issues such as capping, transitional regions, performance funds, etc. all fell within the remit of the EP and must therefore be discussed with the Council. Ms Constanze Angela KREHL (ALDE, DE) also reiterated that the co-decision procedure is required by the Treaty in the area of Cohesion Policy and as such should be respected. The Deputy Minister said he understood the Parliament's concerns. He explained that there were some elements under co-decision in the negotiating box, but this was in order to help discussions in the Council and should be considered as an internal matter of the Council. He said that the Presidency intended to respect the institutional framework and co-decision powers of the European Parliament and to cooperate closely with it.

c) Crisis

The issue of the crisis was mentioned several times by various MEPs. Mr Georgios STAVRAKAKIS (ALDE, GR) said that Cyprus had indeed taken over the Presidency at a very difficult time and wished the Presidency every success. Mr Charalampos ANGOURAKIS (GUE/NGL, GR) said that this was a crisis of capitalism and expressed concerns about the future of the EU. The Deputy Minister answered that the Presidency appreciated that these were difficult times, which made it all the more important to get to work.

d) Territorial approach, binding involvement of regions

Mr Nikos CHRYSOGELOS (Greens/EFA, GR) recalled the importance for REGI of involving local and regional authorities in questions of regional development. He said that regional authorities had to be included in all the procedures, because the Member States themselves could not do everything. Ms Riika MANNER (ALDE, FI) expressed her wish that the Presidency should be very active in the field of territorial cooperation. Deputy Minister MAVROYIANNIS mentioned that certain elements had already been put in place and included in regulations. He stressed that the Presidency was in favour of including not only regions but other bodies as well, for example the social partners. Through a territorial approach the Presidency wanted to have real added value for the EU.

e) Specificities of islands, climate change

Mr Nikos CHRYSOGELOS (Greens/EFA, GR) expressed his conviction that Cyprus as an island nation would particularly understand the effects of climate change. Mr Lambert van NISTELROOIJ (EPP, NL) also hoped for more progress to be made by the Presidency in this specific area. Mr Francois ALFONSI (Greens/EFA, FR), a Corsican national and rapporteur of the rapport: “Evolution of EU Macro-Regional Strategies: Present Practice and Future Prospects, especially in the Mediterranean” welcomed this Mediterranean Presidency and said he was looking forward to “a fresh look” at Europe’s future. He asked whether the Cyprus Presidency intended to engage in any Mediterranean initiatives. Mr. Alfonsi also stressed that it was important to give a message of hope in the future to the Mediterranean. The question of islands was also picked up by Ms Riika MANNER (ALDE, FI) who said that that besides the islands, maritime regions and peripheral regions, scarcely populated regions, which suffer from specific challenges, should also be taken into consideration. She said that it was important to secure a proper share of the budget for those regions. The Deputy Minister responded that the question of islands was a subject of particular importance which the Presidency would take seriously. He said that the Presidency would do its best to place emphasis on Mediterranean policy, as this was also part of its priorities regarding the southern neighbourhood policy. He recalled the limited success of the Euro-Mediterranean Policy and the Union for the Mediterranean. He said that it was now important to find specific areas where efforts might be focused. Mr MAVROYIANNIS also expressed concerns about the situation in the region and worries that the democratic political process might be exploited by certain political forces to achieve other objectives. He said it was important to identify multiple communication channels.

f) Eligibility of VAT in Cohesion Policy

Mr Oldřich VLASÁK (ECR, CZ) expressed his concerns about VAT eligibility. He thought that current provisions for VAT eligibility as set up for Cohesion Policy funds should be maintained. He expressed concerns that if the VAT could not be discounted it would create difficulties for many Member States. The Deputy Minister said that he understood the legitimate concerns of many Member States, and that the message of the European Parliament would be passed to the Council.

g) Budget, question of RAL

Mr Ivars GODMANIS (ALDE, LT) raised the issue of RAL (outstanding commitments) and next year's budget. He said that the latest information from the trilogue showed a big contradiction in this respect. He expressed his worries about the consequences of the Council's attempt to minimise the increase of payments below 2% (as compared to 6.8% in the Commission proposal). He explained that in such a case the money would need to be postponed for the next programming period and for some countries this might create major difficulties. He also underlined that 65 % of RAL was in fact Cohesion money. The Deputy Minister said he was fully aware of the problem of RAL and recognised that RAL had become a real political issue in discussions. He said the best way was to increase the effectiveness of Cohesion Policy and the efficiency of actions in the future. Regarding the next year's budget, he explained that the original Commission proposal of an increase of 6.8% had been a shock to many Member States. He informed the REGI committee that an agreement had been reached by qualified majority in the Council that the increase would be 2.79%.

h) Cooperation with the European Parliament

In his closing remarks the Deputy Minister expressed the intention of the Cyprus Presidency to keep the Parliament informed to the greatest possible extent. The Presidency would follow the *modus operandi* of meetings before and after General Affairs Councils, but if a more specific exchange of views was needed, more briefings and dialogues would be organised so that the EP was fully aware of the state of play within the Council, given that Cohesion Policy was of particular interest to this Committee.