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**NOTE**

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from: General Secretariat of the Council  
to: Delegations

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Subject: Partial summary of the meeting of the **Committee on Regional Development (REGI)** of the European Parliament, held in Brussels on 22 September 2014 (items 5 and 6)

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The REGI committee exchanged views with Graziano DELRIO, Secretary of State for Cohesion Policy, on the priorities of the Italian Presidency. At his last appearance in REGI as Commissioner for Regional Policy, Johannes HAHN set out the reforms and achievements in the field of Cohesion Policy.

**5. Exchange of views with Graziano Delrio, State Secretary to the Prime Minister, on the priorities of the Italian Presidency of the Council.**

In his opening statement, Mr DELRIO stressed the important role of EU cohesion policy for employment, growth and competitiveness and set out the Presidency programme in this area. He thanked the European Parliament for its work on the 2014-2020 cohesion package, adding that the EU would have significant resources for public investments in the coming years.

He considered that there was now a need to reconcile rigorous management of public finances with the relaunch of investments for growth. He referred to the EP Resolution of 8 October 2013 on the effects of budgetary constraints for regional and local authorities regarding the EU's Structural Funds expenditure in the Member States and to recent independent analysis which have highlighted the need to exclude national cohesion co-financing from the deficits' calculation under the Stability and Growth Pact. He felt that support for investment for growth was not incompatible with budgetary discipline but that it could contribute to improve GDP. He indicated that cohesion policy and economic governance would be discussed at an informal meeting of cohesion Ministers on 10 October. In addition, Mr Delrio announced that the General Affairs meeting of 19 November would be devoted to cohesion policy in order to promote more political debate, to acknowledge the importance of the innovations of the 2014-2020 cohesion package and to focus on its implementation. He added that the meeting would be an opportunity to start reflections on the review of the 2020 strategy from the perspective of cohesion policy and to discuss the sixth Commission report on economic, social and territorial cohesion.

In the following debate, on behalf of the political groups:

- Mr van NISTELROOIJ (EPP, NL) asked the Presidency to discuss the current payments situation of cohesion funds at the next Informal ministerial meeting, considering that payment delays were very damaging for companies' and citizens' trust. He called for the participation of the REGI committee in informal ministerial meetings.
- Mr VAUGHAN (S&D, UK) also expressed concerns regarding the issue of payments' backlog, calling the Presidency to persuade Member States to tackle the matter. He also requested the Presidency to coordinate the implementation the Youth Guarantee Scheme and the Youth Employment Initiative among Member States to ensure the best use of available EU funds.
- Mr JAKOVČIĆ (ALDE, HR) asked what the Presidency intended to do for the Adriatic and Ionian region partnership and asked how to integrate tourism into cohesion policy.
- Mr OMARJEE (GUE/NGL, FR) also raised the problem of late payments and asked about the positions within the Council regarding the link between cohesion policy and economic governance. He also wanted REGI to take part in informal meetings organised by the Presidency.

- Ms VANA (Greens/EFA, AT) echoed the criticisms about outstanding payments and its impact on cohesion policy. She wanted to know how sustainable growth and investment in public services would fit into the Presidency's programme.
- Ms D'AMATO (EFDD, IT) asked about the link between cohesion policy and the Stability and Growth Pact and stressed the need for sustainable investment in new industries.

In the next round of questions, several MEPs raised again the issue of outstanding payments. Others were concerned about the delays of partnership agreements and operational programmes and their negative impact on projects (Mr COZZOLINO (S&D, IT), Mr KREHL (S&D, DE)). Mr COZZOLINO suggested launching an in-depth study about the effects and costs of (non) investments in Europe and the impact of the Stability Pact. Others (Mr FITTO (EPP, IT), Ms BRESSO (S&D, IT)) were hoping that the €300 billion investment programme announced by President-elect Juncker would be additional money and that cohesion policy would be at the core of this programme.

In his replies, Mr DELRIO answered that the issue of payments was a primary topic for the efficiency of cohesion policies and that the Presidency would do its utmost to address the problem. He agreed that more Member States' coordination was needed to implement the Youth Guarantee-schemes. He mentioned that the Adriatic strategy was one of the Presidency's priorities and could have a positive effect on the tourism sector. He considered that macro-economic governance implied a case-by-case evaluation and should not be an automatic mechanism. He saw the logic of excluding national co-funding investment for cohesion policy from the Stability and Growth Pact and hoped that the new Commission could make headway on the matter, while recognising that this would take some time.

## **6. Exchange of views with Johannes Hahn, Commissioner for Regional Policy**

It was the last appearance of Johannes HAHN as Commissioner for Regional Policy in the REGI committee. He set out the reforms and achievements in the field of EU Cohesion Policy, explaining that it was delivering on the growth goals of the Europe 2020 Strategy.

He stated that the crisis had shifted priorities much more on growth and employment and that Cohesion Policy had cushioned the decline of national public investment, injecting resources in many Member States. As regards the implementation of the 2014-2020 Cohesion Policy package, he informed MEPs that 16 partnerships agreements and 7 operational programmes had been adopted so far. He expressed strong worries regarding backlog of payments in cohesion policies, which amounted to around €23 billion and would affect the actual implementation of the projects on the ground.

In the ensuing discussion:

- Mr van NISTELROOIJ (EPP, NL) felt that cohesion policy had become much more coherent and thanked the Commissioner for his work during this term and for the close relationship with the European Parliament during the negotiations on the Cohesion package.
- Ms KREHL (S&D, DE) was also grateful for the good cooperation. She was concerned by the small number of partnerships agreements and operational programmes approved and wondered about possible transitional solutions to avoid interruption of projects.
- Mr JAKOVČIĆ (ALDE, HR) felt that some procedures were still too complicated and raised problems of delays of projects in Croatia.
- Mr OMARJEE (GUE/NGL, FR) emphasised the good relations of REGI with the Commissioner during trilogues on cohesion funds and thanked him for his attention to ultra-peripheral regions.
- Ms VANA (Greens/EFA, AT) stressed the need to focus on investment policies in cities and asked his views on the possibility to exclude long term investment in public infrastructures from deficits under the Stability and Growth Pact.
- Ms D'AMATO (EFDD, IT) wondered how to speed up approval of partnerships agreements and operational programmes.

In the next round of questions, several MEPs thanked again the Commissioner for his work and the excellent cooperation with the EP. Mr ZELLER (EPP, DE) wondered whether the 300 billion investment package could address the outstanding payments situation. Mr VAUGHAN (S&D, UK) asked how to involve local authorities in partnership agreements. Mr BLANCO LOPEZ (S&D, ES) felt that no complacency was allowed since employment, inequality and poverty had increased, while convergence between regions had diminished. Mr ETHERIDGE (EFDD, UK) asked about the effects of the €23 billion backlog of payments.

Mr HAHN replied that he was confident that by the end of October, all parties would have signed the necessary agreements with Croatia. He hoped that partnership agreements and operational programmes would be approved shortly, considering however that one could not sacrifice quality for speed. On the issue of investment measures, he stressed that national constitutional and legal frameworks were different and would lead to different situations in Member states. He acknowledged that there were different views on the idea to exclude investment from the Maastricht criteria and that this was a difficult issue which should be addressed. He felt that Member states should focus their efforts on what exists, giving the example of the SMEs initiative which allows to use 100% of EU structural funds. He considered that the structural funds would play a strong role in the €300 bn package. In addition, he felt that more should be done to maximize the leverage effect of EU cohesion policy through increased use of financial instruments. He said that the widening gap between commitments and payments was affecting all EU policies, programmes and beneficiaries, adding that this was a question of respect of political commitments agreed in the MFF agreement. He recalled that, after the crisis, EU structural funds amounted to 20% of all public investment around the EU and contributed to mitigate the effects of the crisis. He deplored that only a quarter of the money planned for the Youth initiative had been contracted so far.

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