



Brussels, 1 February 2023
(OR. en)

5884/23

COH 10
CLIMA 39
ENER 48
ENV 77
SOC 60
FIN 115

'I/A' ITEM NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee (Part 2)/Council

No. prev. doc.: 14577/22

Subject: Draft Council conclusions on Special Report No 22/2022 entitled "EU support to coal regions: Limited focus on socio-economic and energy transition"
- Approval

1. On 9 November 2022, the General Secretariat of the Council received the Special Report No 22/2022 "EU support to coal regions: Limited focus on socio-economic and energy transition".
2. Pursuant to the rules laid down in the Council conclusions on improving the examination of special reports drawn up by the Court of Auditors¹, the Permanent Representatives Committee, at its meeting on 16 November 2022, instructed the Working Party on Structural Measures and Outermost Regions to examine this report according to the rules laid down in the above-mentioned conclusions.

¹ Doc. 7515/00 FIN 127 + COR 1.

2. The Court of Auditors presented the report at the meeting of the Working Party on Structural Measures and Outermost Regions of 13 December 2022. Draft Presidency conclusions were examined at the meetings of the Working Party on Structural Measures and Outermost Regions of 16 January² and 24 January 2023³. Delegations agreed to the draft Council conclusions as set out in the Annex⁴ to this note.

 3. The Permanent Representatives Committee is therefore invited to recommend to the Council to approve, as an "A" item at a forthcoming meeting, these Council conclusions as set out in the Annex to this note.
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² WK 210/2023 INIT.
³ WK 210/2023 REV 1.
⁴ WK 210/2023 REV 2.

DRAFT COUNCIL CONCLUSIONS

on Special Report No 22/2022 “EU support to coal regions – Limited focus on socio-economic and energy transition”

THE COUNCIL OF THE EUROPEAN UNION:

- (1) WELCOMES the Special Report No 22/2022 by the European Court of Auditors (hereafter referred to as “the Court”) and the replies of the Commission to the Report;
- (2) NOTES that the Court’s audit examined whether EU support in the 2014-2020 period from the European Social Fund (ESF), the European Regional Development Fund (ERDF) and the Cohesion Fund to a sample of seven EU coal regions had contributed effectively to their socio-economic and energy transition. The Court focused on whether
 - appropriate training and assistance had been provided to laid-off workers in coal-related industries;
 - Member States, together with the Commission, had identified socio-economic development needs and targeted funds accordingly, and if
 - greenhouse gas emissions from thermal coal had been decreasing in line with the fall in EU thermal coal production;
- (3) RECOGNISES that the results and recommendations of this audit intend to contribute to the cost-effective and efficient implementation of the Just Transition Fund (JTF), as part of the European Green Deal;

- (4) TAKES NOTE of the findings of the Report, in particular that:
- EU-funded training was available to laid-off coal workers but data on participation is lacking;
 - Selected coal regions used EU funds for territorial cohesion with limited focus on socio-economic and energy transition;
 - EU support to coal regions so far had a limited focus and impact on job creation and energy transition;
 - Despite overall progress, coal remains a significant source of greenhouse gas emissions in some Member States;
 - The reporting of methane emissions from closed or abandoned mines has not been sufficiently reliable, nor requested;
- (5) HIGHLIGHTS the challenges for Member States to use effectively the JTF to alleviate the socio-economic and environmental costs of the transition, given the limited timeframe of the NextGenerationEU resources of the Fund and Russia's ongoing war of aggression against Ukraine; thus INVITES the Commission to closely cooperate with Member States and continuously assist them in the implementation of the relevant investments including large transformation projects;
- (6) SHARES the Commission's opinion in its replies to the findings and recommendations included in the Court's Report, in particular that:
- The 'socio-economic and energy transition' of coal regions was not a specific goal of the legal framework underpinning the 2014-2020 cohesion policy funds, and Member States had no obligation to treat coal regions in a particular way when the 2014-2020 programmes were negotiated;

- Data on coal workers who had been laid off participating to EU funded courses was lacking because there was no legal requirement to collect participation data for this specific group;
- Under the 2021-2027 programming period, the programming of the Just Transition Mechanism and its JTF pillar take the need of coal, peat and oil shale regions as well as carbon-intensive regions fully into account;
- Following Russia's invasion of Ukraine in February 2022, the Commission acknowledged that in the short term, Member States might need to increase coal consumption before switching to renewables to reduce dependence on Russian fossil fuels, provided the 2030 climate and energy targets are respected;
- While acknowledging the short-term measures, the Commission also called for the acceleration of the EU transition to renewables as a way to cut imports quickly while delivering on 2030 and 2050 energy and climate goals;

(7) TAKES NOTE of the recommendations of the Court and INVITES the Commission to:

- Check that Member States use the JTF resources effectively and efficiently to alleviate the socio-economic impact of the transition to climate-neutrality in coal and carbon-intensive regions, when approving the not yet submitted Territorial Just Transition Plans and programmes, as well as when approving amendments of Just Transition Plans and programmes and when monitoring and reporting on their implementation;
- Share good practice for measuring and managing methane emissions from closed or abandoned mines.
