



## COMMUNICATION FROM THE COMMISSION

### Cohesion Policy in Support of Growth and Jobs Community Strategic Guidelines 2007-2013 – COM(2005)299

#### ETUC COMMENTS

##### 1. INTRODUCTION

In accordance with Article 159 of the Treaty, every three years the Commission evaluates the status of cohesion and the contribution of other policies.

The Second Report (2001) launched a debate on cohesion policy after enlargement. The Third Report (February 2004) used the conclusions of this debate as the basis for presenting the Commission's proposals for a reformed cohesion policy after 2006 and, on 14 July 2004, the Commission adopted the proposals for new Structural Funds regulations for the period 2007-2013.

ETUC's first contribution to the debate on the future of economic and social cohesion policy in the enlarged European Union, adopted by its Executive Committee of 19-20 November 2002, pressed for Community structural policies in an enlarged Europe to be reinforced, since the principles of cohesion and solidarity are enshrined in the Treaty and are two of the most important vehicles for the integration of peoples and territories.

In ETUC's view, enlargement represents first and foremost a unique historical opportunity to unite the peoples of Europe on the basis of fundamental democratic values. This guarantees peace and political stability in Europe and contributes to economic and social progress, as well as to improving living and working conditions. Besides reunifying Europe, enlargement makes it possible to expand the European job market and internal market by increasing the overall volume of production and consumption level of the new Member States and developing new products and services that are competitive on the world market.

This represents an unprecedented political, economic and social challenge that will benefit the entire European Union. However, unlike previous enlargements, there is no escaping the fact that this one has widened the economic development gap, caused a geographic shift of disparities eastwards and made the employment situation more difficult.

Furthermore, the EU is concerned about some other major challenges identified by recent European Council summits, which also require joint and coordinated responses and actions.

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ETUC wants to reiterate that future cohesion policy must help to provide responses to these challenges and, in so doing, help to reduce disparities between regions and promote a society of full employment, equal opportunities, social inclusion and cohesion and hence, more broadly, the European Social Model.

Referring to economic and social cohesion policy, ETUC underlines the role and the importance of social protection systems and namely the importance to have quality public (opposed to “private”) social security systems based on solidarity which through the mechanisms of “redistribution” contribute to ensure and/or guarantee social cohesion.

To achieve this, the current reform must guarantee even greater complementarity between the Union’s structural policies and other areas of Community policy, whilst also ensuring that all EU policies include the crucial aspects of economic and social cohesion and boosting quality employment. In addition to this coordination of Community policies, taxation policies must also be coordinated in order to prevent any sort of social and fiscal dumping.

ETUC therefore deems the explicit reference to the Lisbon and Göteborg agendas in the Commission’s proposal for a General Regulation to be of vital importance. Above all, ETUC believes that cohesion policy should include the Lisbon and Göteborg objectives and become an essential medium for achieving them by means of national and regional development programmes.

In the same vein, ETUC considers it very important for the Commission Communication to also make explicit reference to the Conclusions of the Presidency of the European Council of March 2005, stressing the need to relaunch the Lisbon Strategy. In particular, ETUC agrees that “the Union must mobilise all appropriate national and Community resources – including cohesion policy”.

ETUC wants to stress that the Structural Funds should be made real key instruments for ensuring implementation of the Social Policy Agenda 2006-2010.

## **2. NEW FRAMEWORK FOR COHESION POLICY**

In its proposals on “The New Architecture for EU Cohesion Policy after 2006”, adopted by its Executive Committee of 13 and 14 October 2004, ETUC supported the Commission’s proposed strategic approach and, in particular, the establishment of an annual strategic dialogue with the European institutions to examine progress with respect to the strategic priorities and the results achieved.

ETUC welcomes the fact that the European social partners have been consulted on the overall strategic document for cohesion policy to allow them to make their contribution, although it regrets that this consultation has been made merely as part of the Commission’s “public” consultation.

ETUC once again urges that the social partners should be properly consulted at national level on the National Strategic Reference Framework to be established by the Member States.

In the above-mentioned proposals, ETUC stressed certain aspects of the new framework for cohesion policy. Whilst it welcomes the fact that a certain number of aspects have been taken up, ETUC wishes to stress the following points.

## **Concentration**

ETUC welcomes the fact that the main line which the Commission intends to defend when it negotiates the different national and regional programmes in future will be to guarantee concentration and to include only elements that contribute to growth and jobs, whilst at the same time taking into consideration the priorities of other Community policies.

Subject to the following points, ETUC is also in favour of focusing the implementation of priority themes on three key concepts: convergence, regional competitiveness and employment, and European territorial cooperation.

### **1. Convergence**

ETUC reiterates its concern to prevent a two-speed cohesion policy, even if it recognises that certain priorities may differ according to whether they involve the most disadvantaged regions of the EU-15 or those of the new Member States.

Whereas infrastructure development has progressed in the EU-15, this has not been the case in the new Member States. A balance must be found between investments in infrastructure and investments in human capital, whilst averting the risk of fragmenting support measures. At the same time, infrastructure projects must integrate the “employment” objective and be linked with a human resources policy containing a capacity for anticipation.

### **2. Regional competitiveness and employment**

It is clear that the persistence and proliferation of structural problems, unexpected shocks, processes of industrial restructuring or economic diversification, and company mergers in several regions of the EU require the provision of continued support to these problem areas.

Since the present Objectives 2 and 3 are merged under the new key concept “regional competitiveness and employment”, the social dimension of regional development must be clearly defined. Similarly, it is very important for the Member States to ensure a proper link with the National Action Plans for Employment and National Action Plans for Inclusion.

ETUC welcomes the Commission’s proposed dual approach, provided that the two parts are really implemented in all Member States. Firstly, regional development programmes should help the regions to anticipate and promote economic change by boosting their competitiveness and attractiveness; and secondly, programmes defined at the suitable territorial level should help people to prepare for, and adapt to, economic change.

However, where the eligibility of regions is concerned, whilst it is true that the Member States, in close cooperation with the regions, are in the best position to identify areas in greatest need of assistance, ETUC feels it is important to reiterate that the Structural Funds are a Community policy whose application has deliberately been based on a number of common objectives and principles, in order to prevent this policy from drifting towards renationalisation. It is essential to define objective criteria of eligibility, as well as to guarantee linkage and an optimum balance between the three levels concerned : European, national and regional, including the local, levels.

ETUC therefore supports the Commission's proposal in its Communication on "Restructuring and Employment. Anticipating and accompanying Restructuring: the Role of the European Union" (COM(2005)120), to use Community financial instruments, particularly the European Social Fund, to improve the anticipation and management of restructuring.

### **3. European territorial cooperation.**

ETUC welcomes the fact that, on the strength of the experience gained with the current INTERREG initiative, the Commission has proposed to create a new Objective to pursue the balanced and harmonious integration of the Union's territory by supporting cooperation between its various components in cross-border, transnational and interregional issues of Community importance.

### **4. Partnership principle**

ETUC is convinced that partnership is a fundamental principle in guaranteeing the success of Structural Fund measures. The aim of quality partnerships should be pursued, involving the social partners at every phase of the Funds' interventions.

ETUC therefore reiterates its desire for the future Structural Funds Regulations to clearly define the partnership principle, rather than relying on national rules and practices, as the Commission has once again proposed.

As regards the composition of the Monitoring Committee, ETUC welcomes the Commission's proposal that the social partners be included.

Similarly, with regard to the European Social Fund, ETUC supports the Commission's proposal that, under the Convergence Objective, at least 2% of the ESF's resources be allocated to developing capacity as well as to joint activities by the social partners. At the same time, ETUC is pressing for a clear reference to be made to social dialogue, in accordance with the Commission Communication "Partnership for Change in an Enlarged Europe – Enhancing the Contribution of European Social Dialogue" (COM(2004)557).

However, ETUC regrets that, in the Commission's proposal, the European Social Fund is the only fund that relies on the active participation of the social partners within its European Committee. ETUC feels that their participation represents

considerable added value. It is therefore essential for the same type of participation be provided for in the other structural funds, at both European and national levels.

The social partners must also have access to technical assistance to build their capacity, particularly in the new Member States, to make it easier for them to participate in the management and implementation of projects financed by the Structural Funds.

Concerning Public-Private Partnerships (PPP), ETUC takes note of the Commission's proposal to search for additional financial resources to carry out public sector projects. Indeed PPP permit the involvement of the private sector in projects of general interest. Nevertheless, it is necessary to draw the lessons from those experiences which have not been positive and to take into account the risks that PPP agreements might create. ETUC wants to stress that clear criteria should be defined, namely the criteria to use funds to support PPP. ETUC remains critical about PPP as long as citizens are not involved in the selection process of the infrastructures and services they finance and use every day.

### **3. GUIDELINES FOR COHESION POLICY 2007-2013**

In view of the above, ETUC strongly supports the Commission's proposal that, in line with the new momentum given to the Lisbon Strategy for growth and jobs, cohesion policy must focus more on knowledge, research and innovation, as well as on human capital, and that, to achieve this aim, the overall financial effort in these areas of action must be significantly increased.

ETUC supports the Commission's proposal that Member States and regions should pursue the objective of equality between men and women at all stages in the development and implementation of programmes and projects.

Indeed, ETUC wants to point out that past experience has shown us that Community initiatives play a key role in reinforcing the European identity, providing opportunities for experimentation and developing partnership. ETUC also deems the transnational and innovative aspects of Community initiatives to be important.

So, whilst stressing the importance of the Commission's proposals to guarantee both equal opportunities and transnational cooperation, ETUC reiterates its wish to maintain the Community initiative EQUAL or to integrate it explicitly into the new Objective 2, based on its positive results in promoting equal opportunities for all women and men in a rapidly evolving labour market, and in fighting discrimination of every kind.

ETUC supports the Commission's proposal that programmes cofinanced by the cohesion policy must target resources on three priorities, laid down in specific guidelines forming a framework for Member States and regions to use to set up future national and regional programmes.

However, ETUC urges that the Commission, as Guardian of the Treaties, should make sure that the Member States and regions set up the National Strategic

Reference Framework, as well as national and regional programmes, in line with the reformed Lisbon Strategy.

In addition to the above comments, ETUC is anxious to stress the following points regarding the four Strategic Guidelines proposed in the Communication, which will serve as a framework for the use of Member States and regions in future.

### **GUIDELINE 1. Making Europe and its regions more attractive places to invest and work**

ETUC supports the Commission's proposal on the role of the European Investment Bank (EIB) in financing the implementation of cohesion policy.

First and foremost, ETUC is pressing for infrastructure projects to integrate the "employment" objective by linking them with a human resources policy containing a capacity for anticipation.

Transport infrastructure projects must be defined in line with European transport policy. ETUC therefore supports the proposal that Structural Funds cofinance should supplement funding from the Trans-European Networks budget.

Whilst it agrees on the importance of guaranteeing attractive conditions for business, with respect to workers, ETUC considers that it should not focus on highly skilled workers alone, but should involve all workers.

ETUC considers that investments aiming to improve the energy efficiency of housing should be supported because they permit, at the same time, to create jobs, to contribute to the objectives of limiting emissions of greenhouse gases and to answer social demands by diminishing households' energy bill.

### **GUIDELINE 2. Improving knowledge and innovation for growth**

ETUC has called upon the Council of the European Union to establish a new guideline proposing a new European Growth Initiative, inviting Member States to draw up national recovery plans by investing 3% of their GDP in Lisbon Strategy priorities such as research, education and training, active labour market policies, social housing, clean technology and renewable energy sources.

Research and development are crucial to the success of the Lisbon Strategy. The environment and potential sources of new jobs must also be taken into account.

### **GUIDELINE 3. More and better jobs**

ETUC backs the Commission's proposal to implement employment policies aimed at achieving full employment, improving quality and productivity at work and strengthening social and territorial cohesion.

In ETUC's view, it is essential to invest in knowledge and quality jobs. ETUC is keen to stress that the real path to progress for Europe lies not in casualising the most insecure jobs, but in increasing the number and quality of jobs.

ETUC also draws attention to the fact that one quarter of those at risk of sinking below the poverty line are in work, aptly demonstrating that more jobs and more growth do not necessarily mean less poverty.

Policies must be developed for supporting excluded and vulnerable people, which means taking action both upstream and downstream, especially in employment incentive measures.

The cohesion policy must help to create a genuine European labour market, chiefly by promoting solidarity between regions and mobility. ETUC agrees that the EURES network, in which ETUC has played an active part since its launch in 1994, is an essential tool for promoting occupational and geographical mobility at both European and national levels.

It is ETUC's view that an integrated approach, linked with the implementation of an anticipation strategy, is required to respond positively to the challenges of demographic change. This must involve a wide range of instruments, policies and actors.

Active and inclusive labour market policies targeted at young people and older workers must be defined in close cooperation with the social partners. This calls for better policies to be defined for working life as a whole, which must be tied in with lifelong learning. This means active youth policies that attract young people into the labour market, as well as voluntary policies allowing older workers to wind down their careers gradually but actively.

ETUC believes that measures should be taken to improve the quality of youth employment by fighting job insecurity. These measures must include promoting more secure jobs for young people, improving health and safety standards and equal access to social security, in order to prevent young people from falling into the informal economy.

A programme of positive measures must be developed to increase the labour market participation rate and create the right conditions for older workers to continue working up to retirement age.

ETUC is also of the view that immigration is only a partial solution to Europe's demographic problems. The main concern will be to develop a more proactive immigration policy, aimed at managing rather than preventing immigration, as well as to ensure that the people of Europe support this policy.

With regard to economic restructuring, ETUC welcomes the Commission's proposal to set up permanent monitoring systems involving the social partners, businesses and local authorities, the role of which will be to review economic and social change at national, regional and local levels, and to anticipate future economic and labour market trends.

ETUC believes that an Employment Policy Guideline should be added, requiring Member States to ensure that any worker made redundant has the right to return to the labour market (retraining, careers guidance, placement services). Moreover, it is necessary to put in place measures for the “social accompaniment”, such as “early retirements”, of the oldest workers and those who cannot benefit from measures of reintegration. Likewise, during these periods of reintegration, social and wage guarantees must be foreseen for these workers, namely guarantees to maintain income but also social rights (access to health systems, pension rights). The Structural Funds should support the conclusion of collective bargaining agreements establishing these rights.

Lastly, ETUC supports the Commission’s proposal to improve long-term health facilities and health infrastructure, which are of paramount importance to EU citizens, at the same time stressing the need to bear in mind that Member States have differing financing systems.

#### **GUIDELINE 4. Taking account of the territorial dimension of cohesion policy**

ETUC supports the Commission’s proposal that Member States and regions should take into account specific territorial needs when developing their programmes, while specifying that this should be done in order to fight against and not only to prevent uneven regional development. This is all the more important since Commission Reports show that, in spite of progress in terms of results, especially in the least prosperous regions, genuine convergence is far from a reality and that, in some countries, disparities between regions have actually widened further.

Account must be taken of problems specific to urban areas and to rural areas. With regard to rural areas, ETUC shares the Commission’s view that cohesion policy must be limited, where appropriate, to supplementing actions supported by the new Rural Development Fund (European Agricultural Fund for Rural Development– EAFRD).

As mentioned earlier, ETUC welcomes the fact that, on the strength of the experience gained with the current INTERREG initiative, the Commission has proposed to create a new Objective to pursue the balanced and harmonious integration of the Union’s territory by supporting cooperation between its various components in cross-border, transnational and interregional issues of Community importance.

Indeed, cross-border, transnational and interregional cooperation and interventions should be stepped up. The trade unions’ positive experience of actions conducted by the 40 Interregional Trade Union Councils (ITUCs), including in regions bordering with the new Member States, shows that this is the route to follow.

With regard to cross-border cooperation, ETUC supports and specifically underlines the following Commission proposals to:

- Integrate the cross-border labour market.
- Contribute to economic and social integration.
- Focus on strengthening the competitiveness of border regions.

In ETUC's view, the EU should pay special attention to the outermost regions and sparsely-populated outlying regions at risk of depopulation by promoting both their attractiveness and competitiveness.

Furthermore, since enlargement, the EU's external borders have shifted, also shifting structural problems towards these new regions. ETUC believes that special attention should be paid to these regions, by optimising the use of the New Neighbourhood Instrument, without neglecting efforts to assist border regions inside the EU.

#### **4. FINANCIAL RESOURCES**

ETUC wants to reiterate the acknowledged fact that the current level of investment of the Union's budget resources is relatively modest compared with the positive results achieved, especially in view of the improved situation in the less favoured regions and the start of genuine convergence.

Bearing in mind Member States' ambitions for the EU, compared with the objectives of enlargement and of the reformed Lisbon Strategy, resources cannot be maintained at the current level.

ETUC therefore reiterates that, if success is to be guaranteed, current efforts to stimulate the growth, employment, competitiveness and sustainable development of the less developed regions must be stepped up.

In the light of the Commission's proposed limit (1.24%), based on the financial outlook for the 2007-2013 period, ETUC feels that the 0.41% allocated to the cohesion policy is not enough for the EU to achieve the ambitious goals that have been set for continuing to build Europe.

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