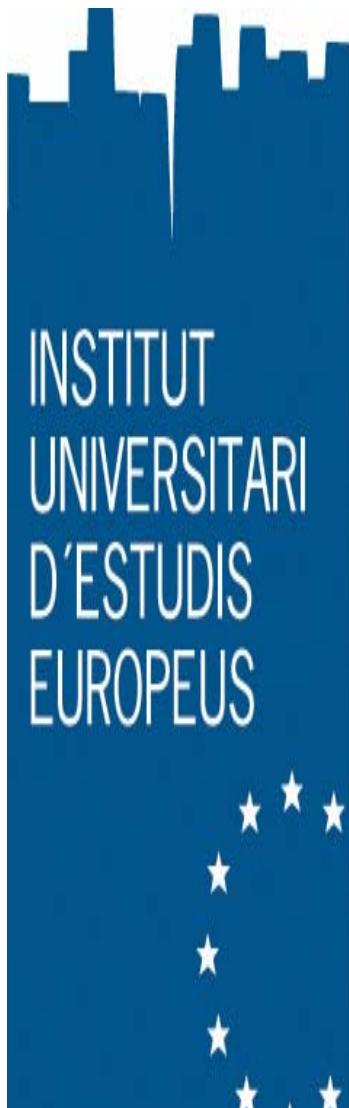


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Working Paper

**Seminar on
Territorial Cooperation in
Europe**

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Introduction

As you probably know the COTER commission of the Committee of the Regions is currently working on the reform of the structural funds. The CoR believes that cohesion policy endorsed by the Treaties is the most powerful, visible and important instrument used to implement principles of solidarity and cooperation, thus representing one of the main cornerstones of the integration between the people and territories of the Union.

Since 4 years the CoR argues that European regional policy should use all its resources to help establish strong European solidarity in keeping with the European social model and promote a dense network of cross-border, inter-regional and trans-national partnerships. Substantial deepening of inter-cultural understanding is therefore just as necessary as stronger economic links.

1.1 Territorial cooperation in an enlarged EU

As a result of the European integration process which has been taking place in recent years and the increase in EU action in almost all areas falling within the remit of territorial authorities, EU territorial authorities have had to contend with a situation in which policy-making has become ever more complex. Within this broader context, authorities have become more dependent on strategic interaction with other local and regional authorities in the EU. They have thus become an essential part of the European "multi-level governance model".

The secret of the success of territorial cooperation lies not only in clearly defined objectives and a genuine will to cooperate, but also in the mutually reinforcing dialogue between sub-state and state actors, together with businesses and civil society. The broad-based participation of national and sub-national level is not a zero-sum game.

The EU's many programmes aimed at mutual understanding, cooperation and exchange must be harnessed to a greater extent for cross-border and inter-regional/trans-national partnership and be seen as part and parcel of European regional policy. The degree of cross-cultural understanding will be every bit as important in determining the success of the EU as the stability of the single currency. The time has gone where a deepening of the Community could be achieved by institutional or technocratic means alone.

The enlargement of the EU brings the possibilities to multiply this cooperation within the EU. Border surface in the EU increase with enlargement and opens the possibility for new cross-border partnerships. At the same time, one of the biggest challenges is to help the new regions to learn to cooperate between each other.

The Committee of the Regions welcomes the new approach of the European Commission for the integration of territorial cooperation in the framework of the Structural Funds. Bringing territorial cooperation in the mainstream is a very good sign from the Commission, and recognition of the importance of territorial cooperation, which becomes a key element of cohesion policy.

We strongly believe that these new proposals are the result of a common process of lobbying between the associations and the Committee of the Regions. This process started in 2000 with the study of the Committee of the Regions on Transeuropean Cooperation made by ARFE, which constituted the basis for the 2002 own-initiative opinion of the Committee on this subject. This process has been complemented by the inclusion of the legal instrument for territorial cooperation in the White Paper for European Governance and the success achieved in the IGC, where a reference to cross-border cooperation was made in article 316.

Under the new Community policy approach presented on February and confirmed On July by the European Commission, there is an acknowledgement that the regions and local authorities are not only the most appropriate level for taking regional and cohesion policy decisions but also the most efficient level for ensuring their delivery. Territorial cooperation should be always guided by a bottom-up approach, and therefore greater involvement of grassroots levels is essential to enhance the visibility of the Community's activities among its citizens and to ensure greater effectiveness and simplification of Community interventions.

I would like to refer to several important questions regarding the proposals of the European commission on the territorial cooperation objective:

1.2 Financial allocation

The COR considers the financial resources allocated for the Territorial cooperation objective as an acceptable compromise. It demands though the European Commission to exhaust the possibilities to increase them in order to improve the efficiency of the Cohesion policy.

We agree with the criterion of the eligible population for calculating the indicative breakdown among the Member States in the framework of the Cooperation objective but considers it useful and necessary to examine the inclusion of other criteria as for example GNI (Gross national income) or employment rate.

It should be considered whether it might be appropriate to apply the “incentive reserve” to this objective too, subject to prior indication of suitable criteria.

What the UK Presidency has recently proposed is the following:

The Territorial co-operation objective will be allocated 2.5% (7,500 million euro) of the total budget allocated to Structural funds. It means 5,700 million euro less than the proposal of the Commission (13,200 million euro).

Allocation method for the Territorial Cooperation Objective

The allocation of resources between the beneficiary Member States (including the contribution of the ERDF to the cross-border strand of the European Neighbourhood and Partnership Instrument and the Instrument for Pre-accession) is determined as follows:

- for the cross-border component, on the basis of the population of the NUTS level III regions in terrestrial and maritime border areas, as a share of the total population of all the eligible regions. Contributions provided from Heading 4 should be allocated simultaneously;
- for the transnational component, on the basis of the total population of the Member State, as a share of the total population of all the Member States concerned.

The shares of the cross-border, transnational and inter-regional cooperation components are 77%, 19% and 4% respectively.

As far as allocations under the Territorial Cooperation Objective are concerned, aid intensity for regions along the former external terrestrial borders between the EU-15 and the EU-12 and between the EU-25 and the EU-2 will be 50% higher than for the other regions concerned.

1.3 Cross-border cooperation

The regions eligible for cross-border cooperation financing shall be all NUTS level III regions along the internal land borders, certain NUTS level III regions along the external land borders and all NUTS level III regions along the maritime borders separated, as a general rule, by a maximum of 150 kms, taking into account potential adjustments needed to ensure the coherence and continuity of the cooperation action.

Maritime borders were not eligible for cross-border cooperation in the period 2000-2006 but they will be in this new programming period. The rule of the 150 kilometres has been set in order to avoid the de-naturalisation of cross-border cooperation.

The COR considers a positive approach for cross-border cooperation the recent proposals made by the European commission to the Council of Ministers. It is especially satisfied to see the inclusion of maritime borders in the proposals, a request already made in the past by the COR.

The Commission has also proposed to reserve a part of the budget allocated for cross-border cooperation to certain external borders. However, the Member states are very reluctant to use Structural funds outside of the EU and the current draft doesn't include the external borders under territorial cooperation objective. The projects in these areas will be financed by the new Neighbourhood instrument.

According to article 6 of the ERDF Regulation, the themes eligible for cross-border cooperation are the following:

- Promotion of entrepreneurship, SMEs and cross-border trade;
- Joint protection and management of the environment;

- Reduction of isolation through improved access to transport, information and communication networks and services, and cross-border water, waste and energy systems;
- Development of cooperation and joint use of infrastructures, in particular in the health, education and culture sectors.

1.4 Trans-national cooperation

The reality of trans-national cooperation in the EU shows that the results are far from being the same in the different areas. In some of them it is a success whilst in other areas we can openly speak of complete failure. This is partly due to the lack of flexibility of the zoning approach chosen by the Commission. In this regard, regional and local authorities should have a more important role in determining the zones.

The priority themes are, according to article 6 of the ERDF Regulation:

- Water management and environmental problems
- Natural risk prevention
- Improving accessibility
- Creation of scientific and technological networks (SME and R&D).
- Bilateral cooperation between islands.

The new distribution of areas has been put forward by the Commission in the strategic guidelines for cohesion, and is being discussed now closely between the Member States. The only area that will probably subject to changes is CADSES, but it is still not clear what will happen. Nonetheless, there will be geographical flexibility, so that for certain projects some regions outside an specific area will be allowed to participate.

1.5 The future for interregional cooperation (current INTERREG IIIC)

Regional cooperation showed a high degree of European added value: regions and local authorities call for a Europe-wide approach.

The COR doesn't agree with the Commission's proposal to eliminate interregional cooperation (current INTERREG IIIC) from the Territorial Cooperation

Objective and to fund it through regional programs in the mainstream approach. Interregional cooperation should continue to fund projects like INTERACT and URBACT, as they are very useful for direct cooperation between regions. These programs offer a more flexible and easy procedure for regions and cities to cooperate together, and are complementary to the cross-border and transnational cooperation schemes.

Mechanism: specific priority under Objective convergence and objective competitiveness, covering all topics of the programmes.

Priority themes: a) technological innovation, b) innovation in regional services, c) environment, energy efficiency and biodiversity, d) risk prevention, e) relation rural-urban areas, f) urban development and regeneration, g) global structures (ESPON, INTERACT, etc).

1.6 The future shape and relevance of the New Neighbourhood Instrument

One of the problems of INTERREG in certain areas has been until now the lack of funding for third-country partners in cooperation projects. It is very important to ensure that funding can be provided for these partners either through Territorial cooperation objective or through the New Neighborhood Instrument. Therefore, a good synergy between both financial instruments will be necessary in the next programming period.

This means that we need a global vision of the territory of the EU. The essence of the EU lies in the conviction that problems don't stop at the borders and are more and more transnational. The problems stop neither at the EU borders, and the EU would be making a big mistake if it were self-installed in a kind of "Europe forteresse". Therefore, the NNI proposed requires a new vision of the territory of the EU that takes into account the neighbouring countries and the need for cooperation with them.

Our view is that the proposal of the Commission for a new neighbourhood instrument is positive and should improve the current situation.

1.7 Good governance of cooperation programs

The existence of an appropriate legal instrument for transeuropean territorial cooperation in the EU is a key demand of the Committee of the Regions since three years. The absence of a EU framework has been hindering and rendering very difficult this cooperation at an EU level, since the existing instruments, although positive, have been incomplete.

Indeed, the Committee of the Regions supports the European Commission's intention to make sustained improvements to the legal and institutional environment for cross-border, trans-national and interregional cooperation through the recent Proposal for a Regulation establishing a "European grouping of cross-border cooperation" (EGCC - COM(2004) 496 final).

It will be a very innovative and efficient tool for improving the good governance of cooperation programs: it could be the appropriate structure for complex multilevel policy. The fact that such a "group" may be given the task not only of implement Community-financed programmes but also of carrying out other general trans-European cooperation measures can give a positive and major boost to the further development of trans-European activities in Europe.

It is a very positive note the fact that the European Commission is basing the proposed regulation on Article 159 of the EC Treaty, bringing the Council to act by a qualified majority (instead of unanimity procedure) and co-decision by the European Parliament.

The commission COTER (for territorial cohesion) adopted its opinion on this matter during the last COR Plenary Session of November. We globally agree with the EC proposal, but in the opinion (prepared by Mr Niessl, President of the Land of Burgenland, Austria) we put forward several recommendations that would enhance the text:

- The new legal instrument should be called the European grouping of trans-European cooperation (EGTC) instead of the European grouping of cross-border cooperation (EGCC), as this name also reflects its potential use in trans-national and interregional cooperation, as Article 1 of the proposal itself sets out;

- welcomes the fact that the regulation creates uniform conditions for the establishment of EGTCs in all EU Member States; it calls upon the Commission to ensure that existing bilateral trans-European cooperation agreements remain applicable;
- welcomes the fact that a choice may be made as regards the applicable national law; it does, however, call upon the Commission to seek ways of preventing possible conflicts with existing national law. If EGTC headquarters are located in a Member State whose national law is not to apply, the European Commission is asked to take the requisite steps to avoid any potential conflicts between provisions;
- The EGTC should also have an administrative office headed by a director. The director shall be responsible to the assembly and shall represent the EGTC and act on its behalf. This is a best way to ensure the accountability of the task of the director, which is nonetheless a key function for the successful work of the EGTC;
- The tasks could be attributed to one of the partners, in order to avoid the creation of additional administrative bodies;
- We propose to create a public register of all conventions of Trans-european cooperation, to be managed by the Committee of the Regions. This will increase transparency and ensure that data related to the regional and local levels can be accessed at any time.