

Letter for the attention of the Members of the European Parliament

On the early draft Communication by the European Commission,
“Reforming the budget, changing Europe”

Submitted jointly by:

Assembly of European Regions (AER)
Association of European Border Regions (AEBR)
Conference of European regions with legislative power (REGLEG)
Conference of Peripheral Maritime Regions (CPMR)
Council of European Municipalities and Regions (CEMR)
EUROCITIES
European Association of Elected Representatives from Mountain Regions (AEM)

Dear Madam, Dear Sir,

In the framework of the Budget Review, the European Commission is preparing a Communication to the European Parliament and the Council. Last week, we were informed about, and had the opportunity to read, a first draft version of this communication.

As organisations representing Regions and Cities in Europe, we wish to share with you, as Members of the European Parliament, our concerns regarding this paper. Although only an early draft at this stage, it sets out a series of proposals whose potential consequences would challenge sustainable recovery and development in Europe. Furthermore, the draft document does not seem to reflect the goal of territorial cohesion, as set out in the Lisbon Treaty.

Overall, this first draft communication proposes a sharp refocusing of EU priorities and budget headings according to evolving strategic challenges for the EU and budgetary constraints due to the economic downturn. It is likely that this would take place in a context of a reduced EU budget – although this is not explicitly referred to or illustrated by figures in the document.

We fully support the strategic reflection that underlies this exercise. Without doubt, the EU needs a forward-looking budget. The three priority areas of action that have been identified as the basis for the future European budget (sustainable growth and jobs, energy and climate, and the EU as a global player) respond to a fundamental need for the European Union to adapt to the global and multi-polar world of the 21st Century, the consequences of which are already a daily reality for our Regions and Cities. It is however regrettable that the draft document does not sufficiently address the objectives of social inclusion and social cohesion in its proposals.

Furthermore, the proposals for implementing these priorities within EU policies raise great concerns. The draft implies a reorganisation of EU regional policy, which would focus more on the poorest Member States, and suggests a trend towards renationalisation and sectoral reorganisation of EU policies. We believe this would disregard the principle of territorial cohesion and ignore the demonstrable potential of integrated approaches at the territorial level. Two clear reasons why this should be avoided are:

- *Economic research and empirical evidence.* All the concurring recommendations issued in recent years by international organisations such as the OECD stress the efficiency – both in financial and output terms - gained from delivering public policies at territorial level and from the involvement of regional and local authorities in policy implementation.

Our experience also tells us that large-scale sectoral programmes alone will not achieve the right results to address the cross-cutting challenges we face today. The very limits of such programmes have led to the concept of the integrated approach being developed in recent years. Regional Policy through the Structural Funds is crucial since it is the only existing integrated mechanism involving sub-national public actors. It is vital that the opportunities for integrated interventions brought about by cohesion policy are not lost post-2013.

- *Democracy and EU visibility for its citizens.* We do not doubt that you, as a Member of the European Parliament, are fully aware that the need is greater than ever to reconcile Europe's citizens with the European venture. It would therefore be important to recognise the added value of such an instrument, which guarantees visibility of the EU's actions throughout the European territory.

On the eve of the ratification of the Treaty of Lisbon, we should take the opportunity to underline the importance of the principles of territorial cohesion and sub-national subsidiarity, which are enshrined in this Treaty, and make sure that the reform of the EU budget does not undermine them.

Against this background, and with a view to the hearings of the future candidate Commissioners that will soon be held by the European Parliament, we would like to draw your attention to the fact that it is of the utmost importance that all the future Commissioners clearly back and advocate an ambitious interpretation of the principles of territorial cohesion and sub-national subsidiarity, and commit themselves to implementing these in their field of competence.

To this end, we would like to propose two questions that you might wish to put to them during their hearing:

- *What is your vision for the implementation of the principles of territorial cohesion and sub-national subsidiarity introduced by the Lisbon Treaty?*
- *How do you intend to take them concretely on board in your field of competences during your mandate?*

We hope you will take these points into consideration in the discussions you will be having in the coming weeks and months, and we remain at your disposal to discuss any of these issues further.

Yours sincerely,

Michèle Sabban, President, Assembly of European Regions (AER)

Martín Guillermo Ramírez, Secretary General, Association of European Border Regions (AEBR)

Mercedes Bresso, President, Conference of European regions with legislative power (REGLEG)

Claudio Martini, President, Conference of Peripheral Maritime Regions (CPMR)

Michael Häupl, President, Council of European Municipalities and Regions (CEMR)

Paul Bevan, Secretary General, EUROCITIES

Joel Giraud, Vice President, European Association of Elected Representatives from Mountain Regions (AEM)