

Structural Funds

Macro-conditionality: CoR considers referral to court

By Isabelle Smets | Tuesday 11 October 2011

"This is a possible case of referral to the Court of Justice." Mercedes Bresso, President of the EU Committee of the Regions (CoR), did not beat about the bush, at the inaugural session of Open Days in Brussels on 10 October, to express her opposition to the macro-conditionality contained in the proposed general regulation for the post-2013 Structural Funds. This principle, which could result in the suspension of cohesion policy support if a member state has an excessive budget deficit, is sparking concerns among cities and regions, beneficiaries of the funds.

These concerns were reflected in the different addresses made at the opening session, which saw the CoR play its role of defending regional interests. The Treaty of Lisbon gives it the possibility to refer to the EU Court of Justice any alleged infringements of the subsidiarity principle and it plans to examine this possibility. "We are going to study the question," said Bresso, because "this is an obvious case where the wrong institutions are being targeted" by the sanctions.

Michel Delebarre, Chair of the CoR's Commission for Territorial Cohesion Policy (COTER), added that the Commission's message was "weakened" by "the idea promoted by Angela Merkel and Nicolas Sarkozy of suspending a sword of Damocles over the regions". He was referring to the letter the two heads of state sent last August to the European institutions to demand the inclusion of macro-economic conditionality in the proposals for the Structural Funds, whereas the draft regulations did not mention them at the time.

Regional Policy Commissioner Johannes Hahn defended his position: the Commission did not write the Merkel-Sarkozy proposals "as such" into its text. This conditionality is a last resort, to be used if the state fails to make the necessary effort. Its application will be "proportionate" and will not affect all programmes of the state concerned. However, he was also very clear: "We can discuss the arrangements, but I believe that the principle is agreed". Commission President José Manuel Barroso also noted the necessity of "a cohesion policy closer to the stability and growth pact". "It is fair and balanced. The approach is gradual," he said. The aim is "to ensure that the effectiveness of cohesion expenditure is not undermined by unsound macro-fiscal policies. The aim is to act before it is too late."

A "special place"

Otherwise, the different speakers stressed the merit of this cohesion policy and its absolute necessity in times of crisis. Jerzy Buzek, President of the European Parliament, spoke of "unforeseeable negative consequences" if the cohesion policy budget were to be reduced. "This policy must continue to have a special place in the budget." There was also convergence on the policy's ties to the Europe 2020 strategy, which justify its coverage of all regions, and not just the less developed ones. "If we make it a policy for the poor, it will lose its European added value," warned Danuta Hübner, Chair of the European Parliament's Regional Development Committee. This echoed José Manuel Barroso's view that "it is a policy for solidarity but also a policy for growth and competitiveness".

Representatives of regions nevertheless expressed certain misgivings over the connection with EU 2020. Michael Schneider, who heads the EPP group at the Committee of the Regions, warned against instrumentalisation of the cohesion policy by the 2020 strategy. Michel Delebarre commented: "Why, on the pretext of the Europe 2020 strategy, would the programme of actions eligible for ERDF financing be considerably reduced? Why does Brussels always claim to know what's best?"

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