



EUROPEAN COMMISSION

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C(2018) 7766 final*

*Dear Chair,*

*The Commission would like to thank the Assembleia da República, for its opinion on the proposal for a Regulation of the European Parliament and of the Council on the European Regional Development Fund (ERDF) and on the Cohesion Fund {COM(2018) 372}.*

*On 2 May 2018, the Commission adopted a proposal for the next Multiannual Financial Framework for the period 2021-2027. The proposal on the European Regional Development Fund and Cohesion Fund forms part of that broader package and offers ambitious measures designed to tackle inequalities in Europe between the different regions in terms of their economic, social and territorial cohesion.*

*The proposal for a Regulation on the European Regional Development Fund and on the Cohesion Fund sets out provisions detailing the specific objectives supported by the Funds, the corresponding thematic concentration mechanisms applicable to the European Regional Development Fund, the scope of support by the Funds and the limited list of ineligible measures. It also entails provisions regulating the treatment of particular territorial features and an annex detailing the corresponding output and result indicators.*

*Enhancing transparency and abiding by the principles of proportionality and subsidiarity in the decision-making process are priorities for the Commission in general. The principle of subsidiarity in particular is enshrined in the legal basis for the Common Provision Regulation proposal and forms part of the overall decision making process for the shared management of European Funds.*

*As pointed out in the Assembleia da República's opinion, EU action is justified by Article 176 of the Treaty on the Functioning of the European Union (TFEU) setting up the objectives of the European Regional Development Fund: "The European Regional Development Fund is intended to help to redress the main regional imbalances in the*

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*Union through participation in the development and structural adjustment of regions whose development is lagging behind and in the conversion of declining industrial regions”.*

*The objectives of the Cohesion Fund are set out in Article 177 TFEU: “A Cohesion Fund set up in accordance with the same procedure shall provide a financial contribution to projects in the fields of environment and trans-European networks in the area of transport infrastructure”.*

*In this regard, action at European Union level adds value to action at national level, as in many countries, the European Regional Development Fund and the Cohesion Fund represent at least 50% of public investment – whereas these Member States would not otherwise have the financial capacity to make such investments.*

*In addition, there are significant potential spillovers across national and regional boundaries, for example for investments in innovation and Small and Medium Enterprises. The EU level has therefore an important and legitimate role in delivering these spillovers and preventing underinvestment.*

*The Commission has taken due note of the positive assessment expressed by the Assembleia da República in its Opinion. The Commission values the early engagement of the Assembleia da República at this stage of the policy making process.*

*The Commission also welcomes the recognition by the Assembleia da República of the efforts made to substantially reduce the administrative burden for beneficiaries and managing authorities, but also its support to the proposed thematic concentration.*

*Discussions between the Commission and the co-legislators concerning this proposal are now underway and the Commission remains hopeful that an agreement on the legislative package concerning cohesion policy will be reached in the near future.*

*Yours faithfully,*

*Frans Timmermans  
First Vice-President*

*Corina Crețu  
Member of the Commission*