## **EUROPEAN COMMISSION**



Brussels, 20.0f.2012 C(2012) 5042

final

Dear Mr President.

The Commission would like to thank the Camera dei Deputati for its reasoned Opinion concerning the Proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1083/2006 {COM(2011) 615 final}. The Commission apologises for the delay in replying.

The Commission takes careful note of the points made by the Camera dei Deputati as regards the content of the proposal in particular in relation to the macroeconomic conditionalities foreseen in Article 21 of the proposal for a Regulation. Such conditionalities form an integral part of the Commission's proposal for the next multi-annual financial framework.

The legal framework for the EU's various Funds (the Cohesion Fund, the Structural Funds, etc), is laid down in regulations, applicable to all EU Member States and based on the respective legal bases governing the policy area (e.g., Articles 43 (2), 164, 172, 177, 178 TFEU). Conditionality rules providing for mechanisms of suspension and cancellation of EU funding can be introduced into these regulations, provided they serve the objective of the respective policy, in compliance with the respective legal bases. These rules must be necessary and proportionate for the achievement of the objective pursued by the policy in question.

The achievement of the growth and jobs related objectives of the cohesion policy depends on sound fiscal and economic policies carried out by Member States. In their absence, investments funded by cohesion policy will not provide the expected impact. Hence, compliance with economic and budgetary obligations and the achievement of cohesion policy's objectives are closely interlinked. This is the reason why the Commission has proposed to further align cohesion policy with the EU economic governance, making the policy more responsive to structural reform needs and emerging economic imbalances.

The proposal for a regulation foresees the possibility to redirect EU funds with a view to addressing the economic problems a Member State is facing. This process will be gradual, starting with amendments to the Partnership Contract and to the programmes in support of

Onorevole Gianfranco FINI Presidente Camera dei Deputati Piazza Montecitorio IT – 00100 ROMA Council recommendations to address macroeconomic imbalances and social and economic difficulties.

Where, despite the enhanced use of EU funds, a Member State fails to take effective action in the context of the economic governance process, the Commission will have the right to suspend all or part of the payments and commitments.

Decisions on suspensions will be proportionate and effective, taking into account the impact of the individual programmes for addressing the economic and social situation in the relevant Member State and previous amendments to the Partnership Contract. When deciding on suspensions, the Commission will respect equality of treatment between Member States, taking into account in particular the impact of the suspension on the economy of the Member State concerned. The suspensions will be lifted and funds made available again to the Member State concerned as soon as the Member State takes the necessary action.

I hope that this explanation addresses the concern raised in your reasoned opinion and I look forward to continuing the political dialogue with the Camera dei Deputati on this important subject.

Yours faithfully,

Maroš Šefčovič Vice-President