



EUROPEAN COMMISSION

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Dear President,

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 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 apologizes for the delay in replying.

The Commission takes careful note of the points made by the Assembleia da República as regards the content of the proposal. The Opinion highlights and supports a number of the underlying principles of the Commission's legislative proposal such as the alignment of Cohesion Policy with the Europe 2020 Strategy, the focus on results and performance as well as simplification.

The Commission acknowledges the reservations of the Assembleia da República regarding thematic concentration and would like to emphasise that the mechanism proposed has been designed to allow for sufficient flexibility to define the mix of interventions which delivers common European objectives while respecting national and regional specificity. The concentration for ERDF will be calculated at national level per category of region, so the percentages can vary from one region to another, as long as the national totals respect the overall concentration thresholds. The areas proposed for thematic concentration (research, SMEs and low-carbon economy) are critical for long term sustainable growth. In addition, current programmes already concentrate most of the resources on these areas.

As regards the concerns raised by the Assembleia da República about the provisions on territorial cohesion, the Commission would like to underline that the territorial dimension is strengthened in the Common Provisions Regulation, which relates to all five Common Strategic Framework Funds, in the General Provisions applicable to ERDF, ESF and CF as well as in specific provisions on the urban dimension in the ERDF regulation. The introduction of the provisions on Integrated Territorial Investments and Community Led Local Development also provides opportunities in this regard.

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The Commission also notes the reservations of the Assembleia da República regarding the introduction of the transition regions category and would like to signal that, for the post-2013 financial period, the concentration of resources on the poorest regions is maintained. The aid intensity in the less developed regions (expressed in terms of EU support per capita per year) would increase in 2014-20 as compared to 2007-2013 (based on the Commission's proposal) despite the introduction of the category of transition regions. The objective of a new transition system covering regions with a GDP per capita between 75% and 90% of EU average is to ensure a fair, balanced and politically acceptable cohesion budget. It would ensure fairness in the financial treatment of regions, recognising the stage of economic development reached by each region. This is not the case in the present system based on two categories of regions (convergence and competitiveness) and two transitional regimes (phasing out and phasing in). This system is too rigid, creates a significant discontinuity in the level of support around the 75% threshold and treats regions with significantly different GDP levels under the competitiveness objective in a similar manner.

The Commission also takes careful note of the points made by the Assembleia da República as regards the conditionalities foreseen in Article 21(4) of the proposed regulation. These form an integral part of the Commission's proposal for the next multi-annual financial framework. The legal framework for the EU's various spending programmes (cohesion fund, structural funds, expenditures in agriculture and fisheries etc.), is laid down in regulations, applicable to the EU-27, based on the respective sectoral legal bases governing the policy area (e.g., Articles 43 (2), 164, 172, 177 first and second paragraphs, 178 TFEU). Such regulations may contain provisions which set out conditionality rules providing for mechanisms of suspension and cancellation of EU funding. These rules must be necessary and proportionate for the achievement of the objective pursued by the policy in question, in compliance with the corresponding legal base. The achievement of the growth and jobs related objectives of cohesion policy depends on sound fiscal and economic policies carried out by Member States. Past experience suggests that in their absence, investments funded by cohesion policy will not provide the expected impact. Hence, the 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.

Finally, the Commission takes note of the recommendations of the Assembleia da República as regards the links between the Cohesion Fund and the Connecting Europe Facility. Indeed, the Connecting Europe Facility, as compared to the Cohesion Fund, is a direct management tool based on competitive project selection for the whole EU. However, the Commission would like to highlight that the amounts transferred from the Cohesion Fund would be ring-fenced for those countries eligible for the Cohesion Fund.

I hope that these clarifications address the concerns expressed by the Assembleia da República and look forward to continuing our political dialogue on the future of cohesion policy.

Yours faithfully,

*Maroš Šefčovič
Vice-President*