



CONFERENCE DES REGIONS PERIPHERIQUES MARITIMES D'EUROPE
CONFERENCE OF PERIPHERAL MARITIME REGIONS OF EUROPE

6, rue Saint-Martin 35700 RENNES - F
Tel. : + 33 (0)2 99 35 40 50 - Fax : + 33 (0)2 99 35 09 19
e.mail : secretariat@crpm.org - web : www.crpm.org

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CPMR POLICY POSITION

OPINION OF THE CPMR GENERAL SECRETARIAT

(to be approved by the CPMR General Assembly, 29-30 September 2011, Aarhus-DK)

FINANCIAL FRAMEWORK 2014-2020: A PROPOSED LEVEL BELOW WHICH IT WOULD BE INACCEPTABLE TO GO

On 29 June 2011, the European Commission published its proposals for the multi-annual financial framework (MFF) 2014-2020.

The Conference of Peripheral Maritime Regions (CPMR), on the basis of proposals made and policy positions adopted since 2008 on the future of the EU's post-2013 budget and policies:

1. Broadly welcomes these proposals.

CPMR welcomes the proposals on the creation of new own resources, which it believes can help keep European budget discussions separate from national financial interests and promote a real European financial framework. It thus supports the proposal to introduce a tax on financial transactions. Even though no one any longer contests the need to regulate the financial sector at global level, a proposal of this sort sends a particularly strong message from the European Union and shows it is leading the way.

It also appreciates the attempt to ensure an integrated and transparent approach in the Commission's proposals. Aside from the links established between the different budget headings in the financial framework, the Common Strategic Frameworks proposed in the fields of Research and Innovation (Horizon 2020) and Cohesion Policy are instruments that can make a useful contribution to the development of an integrated approach to European policies, which CPMR has been advocating for many years.

It is very pleased about the relative stability of the budgets of the EU's two big funding policies, namely the Common Agricultural Policy and Regional Policies.

Lastly, it applauds the ambitious proposals for EU external action, which are consistent with the spirit of the Lisbon Treaty, through which the European Union committed itself to exerting a greater influence on the international stage.

2. Deems the budget for the financial framework proposed by the Commission to be a minimum, and that any reduction would thus be unacceptable.

The European financial framework is caught between a rock and a hard place, i.e. the two challenges facing Europe: firstly, the need to put public finances back on a firmer footing by gradually reducing member states' deficits and public debt levels, and secondly, to achieve EU 2020 Strategy objectives, which will require colossal investment, particularly public investment.

In this context, CPMR believes it is necessary and legitimate that the European financial framework should impose a certain degree of austerity upon itself, and it considers that, by proposing a stable amount for the 2014-2020 period, at the level of the 2013 budget, the Commission is fully meeting this objective.

However, it would be unjustified and unreasonable to impose cuts in the European financial framework comparable to those made in most national budgets, for three main reasons:

- 1) In contrast to national budgets, the European financial framework does not run a deficit and can never do so;
- 2) For the very most part it is an investment budget. To reduce it would be to deprive Europe of some of the tools necessary to ensure it returns to a strong position in the 21st century world, just as the member states are also turning off the flow of national investment. In this respect, the €1,025 billion proposed by the Commission is a minimum level below which it would be dangerous to go;
- 3) The current debate focuses on the financial framework 2014-2020. If one considers the goals set by most member states in the Stability and Convergence Programmes aimed at ensuring their budgets comply with the criteria of the Stability and Growth Pact, national public finances should be on a considerably better footing by 2014. Bearing this in mind, the reluctance of certain member states seems unjustified, especially because the new own resources should also help bring about a gradual reduction in member states' direct contribution to the EU budget.

3. Is broadly satisfied with the proposals on Cohesion Policy, but calls for clarification of certain governance aspects.

CPMR is pleased that the Commission is proposing that Cohesion Policy should continue to be for all European regions, and it welcomes the creation of the Transition Regions category, which it has been urging for over a year.

It finds the proposals on a stronger role for the European Social Fund interesting. In particular, it supports the minimum levels of ESF support (25, 40 and 52%) set for each category of regions. Nevertheless, it stresses that such proposals will only really be effective if they are accompanied by multilevel governance ensuring a lead role for regional authorities in the definition and implementation of ESF priorities at territorial level.

As already stated at the CPMR Political Bureau meeting in June 2011, it considers that the creation of a "Connecting Europe Facility" is justified in principle, but is concerned about how it will be coordinated with regional policy in practice, and the inherent multilevel governance issues. It believes that regional authorities, which will partly finance the infrastructure concerned by the facility, must be involved in relevant decisions.

However, it regrets that the proposals ignore to a great extent the provisions set out in Article 174 of the Lisbon Treaty on territorial cohesion, and especially on territories with permanent geographic or demographic handicaps. While the Commission plans to include a budget line for "*Outermost regions and regions with a very low population density*" it totally overlooks the situation of islands and mountain regions, which are nevertheless explicitly mentioned in Article 174. The CPMR therefore asks that, in accordance with the European Parliament Resolution of 22/09/10 on "*The European strategy for the economic and social development of mountain regions, islands and sparsely populated areas*", these territories should also be given an appropriate level of funding. On this issue, the CPMR's Islands Commission has developed some concrete proposals to support island regions, which should be consulted.¹

4. Is concerned about how the situation regarding fisheries and maritime affairs will evolve.

CPMR notes and welcomes the incorporation of maritime affairs and into the European Maritime and Fisheries Fund (EMFF). It also wholeheartedly welcomes the integration of the EMFF into the Common Strategic Framework for Cohesion and the possibility to finance structural actions concerning fisheries by the Structural Funds.

However, it regrets that, now that Integrated Maritime Policy is really being implemented, the EMFF only has a budget at best equal to the current European Fisheries Fund. Without expressing a judgement about the amount that will be allocated to maritime affairs, this also implies a reduction in the proportion of funding allocated to fisheries, which is particularly worrying given the issues that the fisheries industry and fishing regions currently face.

¹ « [Addressing the Issue of Island Territories in Future Cohesion Policy](#)», CRPM – Islands Commission, June 2011

5. Is pleased with the budget to be allocated to Neighbourhood Policy and Development Corporation

Since 2008, CPMR has been calling for a much greater focus on the European Union's neighbourhood, in the framework of a strategy aiming to create a real "internal market" of 800 million people involving the European Union and its official candidate candidates on the one hand, and all the neighbourhood and partnership countries, the Baltic Sea, the Mediterranean and Black Sea on the other hand. The massive political, economic and social upheaval currently taking place in the countries to the south of the Mediterranean rightly confirms the need to develop such a strategy. The budget proposed by the European Commission (a 43% increase in comparison to the current period) is thus a thoroughly positive sign, although on its own this cannot be considered sufficient to change the situation in the long term, notably to the south of the Mediterranean.

In the same vein, CPMR welcomes the increase given to European development policy and its Cooperation Development Instrument. It hopes this will enable the Union to meet its commitment to devote 0.7% of its GDP to development aid by 2015. In particular, it welcomes the 25% increase proposed in the MFF for the programme for regional and local authorities and NGOs.

CPMR will however continue to keep a very close eye on the governance of EU external policy instruments, and will seek to consolidate and further develop the more active participation of regional and local authorities achieved during the current period.

CPMR now awaits the European Commission's regulatory proposals for all these policies in order to set out its proposals in further detail. It will also continue to monitor closely any developments in the budgetary proposals and intends to actively participate in the framework of negotiations with the European Parliament and Council.