

INDUSTRIAL REGIONS IN AN ENLARGED EUROPE

**A response from Europe's industrial areas to the
Second Cohesion Report and a view on the
shape of EU Cohesion Policy after 2006**

Coalition InTer

**The Coalition of European Industrial
Territories**

The continuing impact of industrial restructuring

Europe's industries are still restructuring - and will have to keep on restructuring in the future if they are to remain competitive

- Employment is still shrinking in traditional industries like coal and steel
- In many areas, jobs are disappearing in staple industries like textiles and food
- Even newer industries like telecoms and computers are starting to feel the pinch
- The process is a long way further back in the accession countries - and their future integration into the EU will add further uncertainty
- Both national prosperity and individual regional economies depend on a competitive manufacturing sector

Long after the restructuring of the industries, deprivation continues in the communities where they were located.

- It takes a generation for cultural and social expectations to change, which only comes when children learn new attitudes
- It can take up to fifteen years to reskill the workforce
- Ten years are needed for the remediation of many industrial sites - very severe pollution can more than double that timescale
- Many industrial areas suffer from "image blight", making it hard to attract new investment
- Many of the replacement industries are fragile, and the employment they offer is often precarious

So industrial areas in both existing and new member states need support for their regeneration from Europe's cohesion and regional policies well beyond 2006. They aren't the only areas which deserve support, but neither can they be sidelined.

The next round - five key principles for the way forward

1. Less well-off regions in the new member states of Central and Eastern Europe will need, deserve and have the right to EU support. But many less well-off parts of the EU15 need, deserve and have the right to EU support too.

- The Second Cohesion Report details the regional disparities which still need to be tackled within the existing member states
- Even within prosperous regions there are often pockets of acute deprivation and severe social exclusion
- It would be unjust for the costs of enlargement to fall primarily on the poorer parts of the EU15
- Cutting aid to poorer regions could undermine popular support for enlargement or even for the EU itself

2. As Commissioner Barnier has rightly identified, three sorts of territory must be supported in the next round:

- Regions lagging in their development
- Regions whose progress to full convergence is incomplete
- Territories with special problems for geographical or thematic reasons - including those undergoing industrial restructuring

3. Financial resources will need to be found to meet these demands

- The budget contribution to regional policy should be raised
- Adjustments to current parameters (eg aid intensities) might be made
- More focused targeting to areas of need can make more effective use of resources

4. Fair processes are needed to protect against shock reductions in aid

- The principle of the safety net adopted in the current round should be carried forward in 2007
- Transitional aid is welcome - but only to provide exit strategies for territories which have achieved genuine improvement in their economic situation, not as a substitute for the full programme needed by areas still lagging behind

5. Transparency and subsidiarity need to be enshrined in the processes of allocating and operating EU support

- Allocation criteria must be fairly applicable across the member states
- the allocation and operation of Structural Funds should be decentralised as far as possible to national, regional and local authorities
- EU state aid rules need changing to allow member states to pursue an active regional policy outside the tight geographical limits for EU aid

Coalition InTer

The Coalition of European Industrial Territories

brings together four Europe-wide associations of regional and local authorities to address issues of common concern, especially in relation to the development of EU policies.

ACTE

The European Textile Collectivities Association brings together textile areas in France, Italy, Spain, Portugal, UK, Belgium and Greece

CASTer

The Conference and Association of Steel Regions brings together steel producing regions in UK, France, Netherlands, Sweden, Germany, Hungary and Italy.

EUR-ACOM

European Action for Mining Communities brings together the national associations of mining areas in Belgium, France, Germany, Italy, Portugal, Spain, UK, Czech Republic, Poland, Romania, Russia and Ukraine.

RETI

Régions de Technologie et Industrie brings together regions of technology and industry in Finland, Germany, Italy, the Netherlands, Romania, Sweden and UK.