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Resolution of the European Committee of the Regions – on the State of Regions and Cities in the EU and the political guidelines for the 2024-2029 European Commission

(C/2024/7056)

HAVING REGARD TO:

— its 2024 EU Annual Report on the State of Regions and Cities, which provides political decision-makers at European, national, regional and local level with evidence and key recommendations on the most pressing challenges to be tackled during the EU legislature 2024-2029;

— the Mons Declaration, adopted at the 10th European Summit of Regions and Cities on 19 March 2024 – 'Regions and Cities have the power to deliver a stronger, fairer and more resilient future for Europe';

— the results of the European elections held on 6-9 June 2024;

— the 2024 Strategic Agenda adopted by the European Council on 27 June 2024;

— the Political Guidelines 2024-29 presented by the President-elect of the European Commission on 18 July 2024;

— the renewed protocol on cooperation between the European Commission and the European Committee of the Regions of 4 April 2024, and in particular its article 3 which stipulates that the CoR contributes through a resolution on its key positions to the European Commission's Work Programme for the forthcoming year;

WHEREAS the 2024 EU Annual Report on the State of Regions and Cities highlights the following key elements:

— Citizens' trust in regional and local authorities reached its highest level in 2024, at 60 %, the highest among all levels of government.

— Regions and cities are responsible for implementing up to 70 % of EU legislation, delivering 50 % of public investment and 30 % of public expenditure. They also undertake up to 70 % of climate mitigation actions and 90 % of climate adaptation ones.

— The impact of climate change will be asymmetric, with the cost of climate adaptation rising to EUR 120 billion for a 2 ° temperature increase and EUR 200 billion per year for a 3-4 ° rise. 70 % of the EU population is experiencing seasonal water stress, and 30 % lives in areas suffering it permanently.

— Delivering the European Green Deal will require additional investment of EUR 130 billion per year for environmental protection and of EUR 350 billion per year to achieve a 55 % GHG reduction by 2030. Regions with energy-intensive industries will need massive investment to abate the GHG emissions from heavy industries, which account for 45 % of the total, and to reduce the cost of energy.

— As highlighted in the Draghi report on *The future of European competitiveness*, innovative investment – including in public services such as education, health, housing and social services – as well as institutional reforms, will be needed for a European Clean Industrial Deal to achieve competitive industries and quality jobs.

— Demographic change is challenging the resilience of the EU's socio-economic fabric, with European regions expecting to have 17 million fewer people of working age in 2040 compared to 2023; talent attraction and retention are becoming increasingly difficult for many regions.

— Rural areas are suffering particularly badly, with rural population decreasing by around 1 million people every year and 800 farms disappearing every day, with the resulting abandonment of land and increase in the likelihood of fires.

— Cohesion policy is the main EU investment policy, accounting for 13 % of total government investment in the EU. The current programmes aim to disburse nearly EUR 378 billion in investment across sectors, including business support, job creation, and energy efficiency improvements, while creating 1,3 million jobs and boosting the EU's GDP by 0,5 %.

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

Europe's sustainable prosperity and competitiveness

1. agrees that better law-making is essential to boost the competitiveness and prosperity of our Union; underlines that active subsidiarity and the full involvement of local and regional authorities provide the necessary democratic representation and experience to improve the EU regulatory framework;

2. supports the proposals set out in the Draghi report on *The future of European competitiveness* to apply the subsidiarity principle in a smart and active way which means to reduce the regulatory burden on EU companies and public authorities in some areas, and reinforcing EU level governance in others. This also implies the need to strengthen administrative capacity at national, regional and local level;

3. considers that, in the interest of appropriate active subsidiarity, the impact on the territories covered by Article 174 of the TFEU should be systematically assessed when analysing European Union legislation, as part of territorial impact assessments;

4. calls for the new interinstitutional agreement on simplification and better law-making, in such sensitive areas as the CAP, to take into consideration the multilevel nature of the EU's regulatory process and governance; requests to be actively involved in the negotiations on the new agreement and in its implementation;

5. calls for a substantial improvement in the conditions for doing business in the EU. Competitiveness checks and SME tests could help to reduce the regulatory burden on SMEs;

6. considers that regions should have a greater role in implementing the EU's digital transition policies. Regional governments should be granted increased access to decision-making processes in digital infrastructure projects, enabling them to adapt policies to local needs and ensure equitable digital transformation across urban and rural areas;

7. strongly supports the objective of boosting investment to finance the green and digital transitions and address subsequent labour market and skills needs; believes that better leveraging private resources is necessary;

8. underlines the importance of maintaining the ambition of the European Green Deal and stresses that this must go hand-in-hand with economic competitiveness; supports accelerating the transition to clean, reliable, and affordable energy, including by establishing regional and local one-stop shops to assist households, farms and SMEs in the transition. Additionally, regional authorities should have increased decision-making capacity and access to direct funding for renewable energy projects, ensuring local adaptation to specific territorial needs. A flexible regulatory framework would further empower regions to lead the green transition;

9. reminds EU leaders that regions and cities can only thrive within a well-functioning single market that provides for innovation through fair competition and this depends also on full freedom of movement without internal frontiers within the Schengen area; encourages the new European Commission to draw on the recent reports by Enrico Letta and Mario Draghi by proposing measures that deepen the single market and thus bolster the EU's competitiveness in the green and digital transitions, making them just for all EU regions;

10. points out that supporting cross-border movement, services and infrastructure projects in the single market is a cornerstone for growth and competitiveness which also implies the need to increase the budget for European Territorial Cooperation in the future. In particular, priority should be given to completing essential corridors and projects of the TEN-T which are critical for the economic development of the regions and for achieving the green transformation;

11. welcomes the announced Circular Economy Act, the aim of which is to create demand for secondary critical raw materials and a single market for waste; calls for regions and cities to be fully involved, especially through public procurement and their role in waste reduction, waste management, empowering local businesses and promoting behavioural change;

12. calls for the swift completion of the European Health Union, nurturing cross-border healthcare cooperation; reiterates its call for stress-tests on health systems, including the preparedness and prevention plan for cross-border regions;

13. calls for the establishment of a fully integrated and interconnected European Energy Union to increase the EU's access to clean, reliable and affordable energy, reduce energy consumption, better respond to local needs and ensure affordable prices for citizens and businesses;

14. highlights the need to facilitate the implementation and growth of cross-border public services in key areas such as interoperability and electronic document services, as well as inter-regional cooperation, bench-learning and data exchange for e-government;

15. supports the European Commission's focus on safe and trustworthy Artificial Intelligence (AI) based on a clear framework of ethical requirements, and calls for cities and regions to be fully involved in its application; highlights the need to address the consequences of a possible 'AI divide';

European Defence and Security

16. supports the creation of a European Defence Single Market, as the defence industry plays a significant role in the economic development of certain European regions;

17. points out that resilient transport infrastructure is essential for security and defence; calls for a strong political and financial commitment to eliminating cross-border missing links at European, national and regional level to also allow the dual use of the Trans-European Transport Network (TEN-T) for civil and military purposes;

18. supports the proposal for a European Internal Security Strategy; highlights that regions and cities are key actors linking EU legislation with local and national security policies, including measures to fight organised crime, drug and people trafficking, and other security threats;

Supporting people, strengthening our socio-economic model

19. Believes that a reinforced and improved cohesion policy post-2027, available to all regions, is a crucial element in helping Europe's cities and regions to address the green, digital and demographic transformations, leaving no one behind and ensuring the EU's competitiveness;

20. calls for a simpler, more focused and more visible cohesion policy and firmly rejects any attempts to centralise it. Local and regional authorities' participation in policy design and implementation is essential to reach the objectives of social, economic and territorial cohesion. The established principles of shared management, multilevel governance, partnership, and a regional or place-based approach must therefore guide cohesion policy post-2027;

21. calls for the objectives of the Just Transition Fund to continue to be pursued under the future cohesion policy within the MFF post-2027; notes that a successful just transition requires a territorially sensitive approach, based on partnership, with due regard for regional industrial ecosystems;

22. highlights the importance to the EU economy of the automotive sector, which provides employment to 13.8 million Europeans and accounts for 7 % of EU GDP, and calls for a comprehensive strategy for the fair and sustainable transition of automotive regions as well as for coal regions or those dependent on other energy-intensive sectors, which will continue to need EU support to achieve their transformation; notes that various manufacturing and market-driven challenges could make it hard for European car manufacturers to reach the stricter CO_2 emission targets for their fleets to come into effect in 2026 and urges the European Commission to consider a more gradual approach and an earlier review of the relevant legislation, still in 2025, to provide European automakers with sufficient time to adjust; at the same time, stresses the importance of sustainable transport infrastructure and advocates strengthening climate-friendly mobility in general;

23. stresses that local and regional authorities often provide key mobility and transport services to connect all territories, ensuring that urban, peripheral and rural areas have equal access to the single market and offering affordable and sustainable mobility solutions;

24. underlines that tourism sector is a major economic activity in the European Union, accounting for 10 % of its GDP and having a significant impact on economic growth, employment and social development. Tourism must transition towards sustainability, which requires a supportive strategy from the European Union;

25. notes the renewed political commitment to the European Pillar of Social Rights and to fostering equality, as well as the promises to address the energy efficiency and affordability of housing through the Action Plan for Affordable Energy Prices and the proposed European Investment Plan for Affordable and Sustainable Housing;

26. underlines that demographic change, depopulation, overpopulation, ageing and brain drain need to be addressed through a set of public policies to support the 'right to stay' by retaining talent and attracting skilled labour; supports initiatives to enhance legal migration pathways as one of the responses to the skills needs of local communities; calls for detailed and comprehensive strategies and adequate resources for migrant inclusion and integration into European societies;

27. calls for increased support for the development of citizens' digital skills and financial support to cities and regions for the digitisation of public services in order to maintain equal access of citizens to new tools for economic development and social inclusion;

28. calls, in favour of affordable and sustainable housing, to simplify the administrative procedures for accessing EU aid for energy renovation;

Sustaining our quality of life: food security, water and nature

29. points out that cities and regions are key partners in promoting healthy and sustainable food systems and reiterates its call for the framework law on sustainable food systems to be published without further delay;

30. welcomes the commitment to supporting family farms and intergenerational renewal, to rewarding farmers for preserving biodiversity and natural ecosystems, to strengthening farmers' competitiveness and to protecting them against unfair trading practices. Fair incomes for farmers are crucial in order to slow down rural depopulation and the abandonment of land and to ensure vibrant and attractive rural areas, as well as to achieve the objectives of the 2030 Agenda; specific focus should be given to agricultural regions facing unique challenges due to water scarcity and climate change, with dedicated support for research into drought-resistant crops and efficient irrigation technologies;

31. considers that the budgets of the agricultural funds EAGF and EAFRD in the next financial framework should be increased as part of the future reform of the Common Agricultural Policy; likewise deems it necessary to eliminate the CAP's social conditionality, to reduce and simplify the good agricultural and environmental conditions (GAEC), and to eliminate eco-schemes, which account for 23 % of CAP Pillar I funds, incorporating this amount into direct aid without introducing additional requirements for receiving it;

32. calls for the regions to have a greater role in managing the future common agricultural policy in line with specific territorial and sectoral characteristics, with the aim of establishing tailor-made policies and support for specific territories;

33. advocates using the announced Fisheries and Oceans Pact to improve the implementation of the common fisheries policy and to better involve regions in the preservation and management of sea resources, fisheries and aquaculture;

34. underlines the role of the blue economy in tackling the challenges of climate change, decarbonisation and competitiveness and welcomes the European Commission's intention to come up with a maritime industrial strategy and an EU port strategy;

35. welcomes the announced European water resilience strategy and asks for increased support for regions and cities in tackling water scarcity and security, dealing with damaging floods, and restoring natural water cycles in line with local geography, climate, and socio-economic fabrics;

36. calls for a vulnerability scoreboard to be included in the future cohesion policy, as regions have asymmetric needs when it comes to adapting to the impact of climate change on natural and built assets, economic activities, citizens' health and social life, as is the case in regions suffering from severe and permanent natural or demographic handicaps as set out in Article 174 TFEU;

Protecting our democracy, upholding our values

37. expresses its support for efforts to achieve equality for all and offers its contribution to a new gender equality strategy; reiterates its commitment to further nurturing European democracy at grassroots level, including through engaging with young people; calls for closer cooperation with the European Commission in organising local dialogues with citizens, including through the EU local and regional councillors' and Young Elected Politicians' networks;

38. highlights the key role that regions and cities play in upholding and monitoring the rule of law, as a key pillar of local and national democracy on which the European Union is based and the guarantee of stability for the Member States and equality for the citizens of the European Union;

39. asks to be closely involved in the proposed European Democracy Shield, since regions and cities can help detect and proactively counter disinformation and information manipulation;

A global Europe

40. emphasises its unwavering support for Ukraine and its local and regional authorities, notably through the European Alliance of Cities and Regions for the Reconstruction of Ukraine;

41. stresses that enlargement is a catalyst for reform and must remain merit-based. The EU must support the regional and local levels of government in strengthening democracy, the rule of law, respect for human rights, decentralisation and the fight against corruption, including through the CoR Joint Consultative Committees and Working Groups; asks for adequate EU resources to be deployed to prepare enlargement countries for the necessary reforms towards EU accession, focusing in particular on capacity building and peer-to peer learning for local and regional authorities;

42. highlights the need to strengthen the territorial dimension of Euro-Mediterranean cooperation, including through the Euro-Mediterranean Regional and Local Assembly (ARLEM);

43. will continue promoting the global role of regions and cities in climate and biodiversity policies through sub-national climate diplomacy actions and in the relevant United Nations bodies and frameworks;

Delivering together and preparing our Union for the future

44. underlines the need to adapt the EU's governance structures and processes to enable it to meet the challenges ahead, not least the prospect of future enlargement and to increase the EU's competitiveness; is convinced that changes to the EU Treaties are inevitable to make the EU fit for the future and asks to be fully involved in any future changes to the EU Treaties; in the meantime commits to optimising the current framework to better involve regions and cities in EU law-making;

45. welcomes the commitment to a modern EU budget based on focus, simplicity, impact, respect for the rule of law and appropriate resources and therefore asks the European Commission to take into account the proposals from regions and cities for the MFF post-2027; reiterates the need for the EU budget to support place-based policies and emphasises that national plans must respect multilevel governance and the partnership principle;

46. therefore asks all European institutions to work together for a European Union that is CLOSER to its citizens, STRONGER in mastering the industrial transitions and improving the EUs competitiveness, more COHESIVE by leaving no one and no place behind, and more AMBITIOUS in ensuring that the future EU budget is fit for purpose.

Brussels, 9 October 2024.

The President
of the European Committee of the Regions
Vasco ALVES CORDEIRO