

## **ECRN Position Paper on the Future of Cohesion Policy after 2020**

Regions have been taking a leading role in the debate on the future of Cohesion Policy after 2020. The European Chemical Regions Network (ECRN), specialized in chemical industry and chemical regions, addresses in specific the common challenges and joint recommendations of those regional authorities, whose aim is to support a robust industrial base.

As a network of regional authorities from Eastern and Western Europe, which promotes inter-regional cooperation, our members possess extensive experience in working with regional operational programmes and in territorial cooperation projects. The regional authorities who belong to our network are participating in the necessary reforms in their regions in order to prepare their economies for the future.

**On this ground, ECRN is committed to provide concrete contributions to the current shaping of the post-2020 Cohesion Policy.**

### **1. The role of industry for economic, social and territorial cohesion.**

The economic and financial crisis in the EU has proved that the role and the fundamental objectives of Cohesion policy are as relevant as ever and are not limited to specific regions. The crisis has shown how dependent growth, international competitiveness and employment are on a strong industrial base. Countries with a relatively high proportion of industrial added value, such as Germany, the Netherlands and Poland, were more successful in recovering from the economic crisis than Member States with a less robust industrial basis. A competitive and diversified value chain in the manufacturing sector has secured long-term employment, prosperity and quality of life in Europe.

Currently, regional economies undergo fundamental changes and in the process of reindustrialisation and modernisation, they need to embrace digitisation, decarbonisation and the circular economy. In this transformation the benefits shall be fairly distributed across society. It shall be born in mind that an “increasing productivity gap between technology leaders and laggards hampers potential growth and undermines economic and social convergence as well as territorial cohesion”.<sup>1</sup>

In the last decades Cohesion policy proved that it is the main policy and funding instrument among the European programmes that provides the means to Member States and regions to cater for their specific transformation needs, especially through smart specialisation. It is this place-based intervention, aligned

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<sup>1</sup> Communication from the Commission “Investing in a smart, innovative and sustainable Industry. A renewed EU Industrial Policy Strategy” COM(2017) 479 final/13.9.2017

with the development context in each region that can foster an economically, socially and environmentally sustainable development in Europe.

## **2. Cohesion policy for all EU regions**

Cohesion policy shall provide support to all regions in Europe. Both less developed and more developed regions have to face the challenge of economic and especially industrial modernization as well as restructuring, meeting environmental and other EU targets.

ECRN is, therefore, calling upon the European Commission to involve all EU regions in the next programming period in a way that reflects the region's structural development, economic and employment situation. The scope and scale of funding shall be adapted to the specific characteristics of each region.

## **3. Thematic concentration and focus on European added value**

The principle of thematic concentration, introduced in the 2014-2020 funding period, has proven valuable in terms of defining key priorities for each region and concentrating funding in the areas that it is most needed and has largest added-value. Thus this principle shall be retained. Additionally, top-down setting of objectives, which does not correspond to the real situation in a given region, shall be prevented.

ECRN agrees that the Cohesion policy funding shall serve key European objectives. One such objective is keeping Europe's economy globally competitive. What is crucial for achieving this objective is improving the competitiveness of SMEs and the environment for R&D, ensuing skilled workforce, combating climate change as a basis for strong and sustainable economy.

In this sense, Cohesion policy is a suitable tool to bring EU added value by addressing these areas in a manner tailored to regional characteristics. Simultaneously, it streamlines strategic targets set to respond to global challenges into long-term development strategies at regional level.

## **4. Strengthening European Territorial Cooperation**

In light of the strong interregional cooperation among our members that spans over projects lifecycle, we advocate that the European Territorial Cooperation (ETC) delivers clear and visible added-value at European level.

It has been well recognised that the cooperation between European regions triggers more dynamic processes, especially in the cases where regions with different development levels cooperate with each other. The ECRN as a network addresses the ETC as an important tool to enhance the interregional

cooperation between its members. In this sense, ETC plays an important role in empowering regions to address common challenges and learn from each other.

ETC projects also facilitate deeper, strategic collaboration along value chains. They contribute to the accomplishment of the European Single Market by facilitating better mobility and market integration across geographical borders.

Following these arguments, ECRN considers that ETC should be further strengthened and well-resourced. In this regard, at least the same share of ERDF funding as in the current programming period shall be devoted on financing ETC projects and funding should continue to be possible from each of the three ETC levels, i.e. cross-border, transnational and interregional cooperation.

## **5. Coordination and Simplification**

Highly time-consuming and costly administrative efforts currently prevent smaller players to equally benefit from Cohesion policy. Thus, we consider that after 2020, Cohesion policy shall ensure simplified procedures for SMEs applicants and reduced administrative burden, arising for these entities.

Furthermore, rules of cooperation between public and private sector shall also be simplified. In this way, Cohesion Policy post 2020 can be used as a tool to attract more private capital. This is especially necessary for the development of enterprises of different sizes along the value chain of chemical industry, coping with the structural economic changes and the energy transition issues in Europe.

In this line, more flexible management, financing and state aid rules, including the possibility of financing innovative projects from various sources (public / private, EU, national and regional funds) shall also be designed.

Better coordination of the future Cohesion policy in particular with those EU policies that involve R&D, transport, energy, environment, rural development, is also of high importance for ECRN members. Such coordination shall facilitate synergies between the overall long-term structural reforms aimed by the Cohesion Policy and other sectoral policies. Sectoral approach shall be prevented.

Furthermore, it must be possible for European Structural and Investment Funds (ESIF) and Funding Programmes managed directly by the EC or the EIB/EIF to apply requirements and procedures that are aligned (including project duration, eligibility rules and beneficiaries, legal requirements). A significant reduction of ESIF rules would allow for such alignment of applicable rules with both directly managed programmes and national funding, in the most appropriate manner and in line with the principle of subsidiarity. Less ESIF rules is key for simplification.

Finally, ex ante conditionalities should be known fairly in advance, unambiguous and verifiable, according to transparent procedures. The responsibility for the fulfillment of the ex ante conditionalities should solely lie with the managing authorities.

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*The European Chemical Regions Network (ECRN) is an association of regional authorities from across Europe. Originally started as an INTERREG project in 2004, the ECRN has now a permanent Secretariat in Brussels and is registered as an association under German law. ECRN is recognized as a European stakeholder for regional issues concerning the chemical industry and policies. The network represents regions where chemical industry is an integral part of the local economy and seeks to bring regions together to tackle the challenges by exchanging information and exploring solutions to common problems. The aim of the ECRN is to improve the competitiveness of chemical regions, facilitate collaboration between regions, and to represent the common interests of the chemical regions in Europe.*



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