Political context

Following the Paris Agreement, the EU has committed to reducing annual greenhouse gas emissions by 40% comparing to 1990 levels by the year 2030, and at least 80% by 2050. Cutting coal-fired power generation is an important element in this context. Lignite and coal are currently mined in 41 NUTS-2 regions, and there are coal-fired power stations in 103 NUTS-2 regions. The phasing-out of coal will have tangible economic and social effects on Europe's coal-producing regions and requires substantial resources, which exceed the resources available to the regions. Therefore, these regions need support if the phasing-out of coal should be become a success. In addition to national support, the cohesion policy, with its unique delivery mechanism, could play a key role.

The High-Level Conference had the objective to highlight the close link between the climate targets and its territorial consequences for the 41 coal regions in Europe, and to underline the need for a structural support of these regions through the European Union as a whole, via additional funding provided in shared management.

The first panel dealt with the need for a structural response to the transition of coal regions and the potential role of cohesion policy. The second panel discussed the main content of regional exit strategies, focussing on the specific needs at regional level.

First panel

In his opening remarks, the CoR Rapporteur on Socioeconomic Structural Change in Europe's Coal Regions Mark Speich explained the tremendous structural change North Rhine-Westphalia, Germany, underwent with its last hard coal mine closing in 2018. He pointed to the current phasing out of lignite mining. He welcomed the proposed Just Transition Fund (JTF) and stressed that the JTF should not be created at the expense of cohesion policy funds, it should be financed with additional money. It should be under shared management and closely interlocked with the cohesion funds. Finally, he asked for more flexibility regarding state aid rules in order to support coal regions in transition.
Budget Commissioner Günther Oettinger stated that coal regions could not be left on their own during the transition. He thought that funding for the exit should be additional to the proposed cohesion policy funds to prevent a division between regions in the EU. He expressed concerns over new financial challenges stemming from Brexit, and discussed alternative ways of making up for the lack of funds now presented. He clearly pointed out that national governments should commit to giving fresh money to support the JTF.

However, as he pointed out some Member States would set a 1.0 % threshold in the MFF negotiations. Before the end of his mandate, he is willing to put together an initial draft for proposals for implementation. He announced that he or his successor Johannes Hahn would set up a round table on the funding of coal transition where also the CoR should be member.

Poland is already undertaking actions on the transformation of Polish coal regions - śląskie, dolnośląskie and wielkopolskie. However, we must recognise that Member States have different starting points and will need to incur different energy transition costs. Energy transition process should take place gradually and in a thoughtful way. Transformation must be tailored to the needs of the region - on one hand it should take into account the social dimension and on the other ensure adequate financial support. Just Transition Fund ought to support soft and hard interventions and should not benefit form cohesion policy budget. Not only should it assist coal regions, but also regions that no longer extract coal and face serious post-coal structural problems — Jerzy Kwieciński

Jerzy Kwieciński, the Polish Minister of Finance, Investment and Regional Development, explained the importance of coal for Poland’s energy provision and Poland's security. He expressed his hopes that the JTF would be the adequate financial tool to allow Poland to also commit to the 2050 targets and make reaching the climate neutrality targets feasible.

He stressed the need for fresh money and a strategy looking 30-40 years into the future. He outlined Poland's intention to use gas infrastructure as an interim instrument for producing heat and electricity, and asked for common understanding in this case. He specifically asked for support from the CoR as this was a regional issue in Poland and not a governmental one.
The Minister President of Saxony-Anhalt, Reiner Haseloff, concurred with the previous comments on structural policy. In his view the German coal regions need EU support in order to achieve the energy transition and climate targets. He highlighted the chemical industry's reliance on coal industry in Eastern Germany. He also pointed to political instability and democratic instability resulting from the coal exit.

Furthermore, he stressed that new jobs could only be created if industry invested in regions, alternative sources of energy and upskilling. He outlined that to avoid competition between the different regions, additional financial resources should be made available and be managed in a decentralised way.

The EP REGI Chair Younous Omarjee made clear that it might become difficult to provide additional money for coal regions in transition if Member States did not agree on a threshold of 1,3 %. However, he also concurred that there was a need for additional means and complementary resources, which have to respect the cohesion policy goals when they are implemented. He stressed that economic support and social support of the regions are vital for any efforts to work. He raised that island regions who are also highly dependent on coal were also vulnerable should not be forgotten.

The Bulgarian Deputy Minister of Energy Zhecho Stankov saw a similarity between Bulgaria and Poland in terms of energy dependency on coal. In his view, Bulgaria would continue to use coal despite some progress as its energy source as long as they have not found alternative solutions. He suggested a transition from coal to natural gas in the near future and stressed that Bulgaria could not accept any further reduction of funding. In his view, the JTF should provide additional funding. He pointed to the new mining industries in neighbouring countries that could create challenges for Bulgaria.
As Mihaela Toader, the Romanian State Secretary, Ministry of European Funds, explained, the closing of some mines had triggered social effects that cohesion policy efforts were currently trying to mitigate. She raised concerns regarding energy security and challenges posed by the existing networks’ problems to absorb the renewable energy. Furthermore, she believed that the closing of coal mines would lead to a further exodus of workers. She asked also for additional money to reassure the people in coal regions and stressed the need for support to build trust in citizens.

In Dr Kirsten Scholl’s view, Director 'European politics', Ministry of Economic Affairs and Energy, Germany, no region should be left behind. In Germany, the government committed to helping the regions in the coal phase-out process also with financial support to maintain quality of life and protect climate. She personally welcomed the JTF and thought that it should be part of the current structural policy and provide additional funding.

However, she made clear that the federal government had not yet taken a position on the JTF. Moreover, she warned that Germany stuck to the 1.0 % threshold in the MFF negotiations. As she explained up to now the funding of the JTF is unclear. Germany would wait for the Council conclusions in this respect. Furthermore, she asked for more flexibility as regards state aid rules because the existing rules did not leave enough marge de manoeuvre.
Successful transition of coal regions means a lot to the harmonized regional development within the EU and the Czech Republic itself. We need joint solutions although one-size-fits-all model cannot be always applied as the regions have their own specifics. Without adequate and targeted financial and knowledge support that goes beyond the cohesion allocation, economic, environmental and social impacts might turn too costly. Together with the affected regions the EU and national governments have to put efforts in setting forth sustainable strategic development goals and finding the best ways of implementing them. I believe we are on the right track — Klára Dostálová

In a video message, the Czech Minister for Regional Development Klára Dostálová mentioned the Czech Republic’s commitment to helping its coal regions. She described problems of depopulation, unemployment and low levels of economic activity in those regions. She mentioned the initiative ‘Restart’ – a government initiative to improve job prospects in those regions.

She thanked the EU for allowing the reallocation of resources to support the transition of coal regions and stressed that the resources needed to be additional to the cohesion funds in order to prevent political pressure and be fair.

Second panel

Denisa Žiláková, the second moderator, highlighted the importance of facilitating discussion on coal region transformation, an example of this being a platform launched in Slovakia, which led to a broad public debate, action plans and ultimately several projects. She further explained the reform support efforts in the in the coal region in Slovakia, some of which involved the help of DG REGIO. She stressed the need to make sure there is still ‘life’ left in the coal regions, as coal is often integral to the culture and life.

The Director General of DG REGIO Marc Lemaitre pointed it out that in the Commission it was being discussed to not cover only coal regions by the JTF, but also other regions facing very significant challenges in moving towards carbon neutrality. In his view, the transition strategies should be developed by those leading the change, and not centrally by Brussels. In order to assure the ownership of the strategies and their implementation he believed that the JTF should be subject to shared management. He also stressed the need for the right coordination with cohesion policy. Currently, the Commission was in ‘listening modus’ whilst looking at state aid rules and seeing that all is fit for purpose.
The JTF to support our coal regions in transition is timely, justified and needed especially in light of new EU 2050 long-term climate strategy. It was important to hear that its creation is one of main priorities for the EC President-elect, Ursula von der Leyen. (...) I believe, and I have been advocating for it for months now, a separate budget line for this Fund in the MFF is necessary. Our citizens call on us for an immediate action on climate emergency. We need to take this responsibility and be bold in decarbonising our economy. To succeed we need innovative solutions, cooperation between the EU, the member states and the Local and Regional Authorities. Targeted, financial support, especially for the coal and carbon intensive regions is crucial since for them the energy transition is the biggest challenge. We need to make sure that we can reach the climate neutrality by 2050 and nobody is left behind — Jerzy Buzek

Also, the former EP ITRE chair Jerzy Buzek asked for additional money for the MFF to ensure that no region was left behind. The funding should not be diluted within the cohesion funds. In his opinion, 5 bn EUR might not be enough. He wanted to give citizens from the affected regions a very clear signal that “we are with you and not against you in this climate transition”.

Francisco Igea, Vice-President of the Junta of Castilla y León explained the problems of the transition with regions becoming deserted. He stressed the importance of the JTF but was concerned that regions having already phased out from coal could be penalised. He considered a decentralised fund necessary especially in decentralised Member States like Spain. He described that the period of transition in Spain had taken decades and he emphasized that such regions and their efforts should not be penalised in the future.

The Regional Government of Castilla y León is in favour of setting up a specific fund that does not place the burden of decarbonisation and energy transition on the municipalities of the mining areas — Francisco Igea

According to Finance Minister Ana Cárcaba, Asturias was still strongly dependent on coal and had a high concentration of intensive industries. She believed that the region should not be penalised by the EU for having made progress in the transition. She asked for support in energy diversification and the gradual introduction of renewable energy, without harming the competitiveness of its industries and businesses.
The Marshal of the Voivodeship of Silesia Jakub Chelstowski considered the transition as an opportunity for Silesia to change the profile of its economy. Silesia had accepted the provisional transformation plans. In his view, the quality of life mattered for the people. He gave an example of a former coal dependent city that transformed into a centre for technology and innovation, showing that good governance could lead to success. He thanked Mr Buzek for starting the discussion on regional management in this process.

I welcome the new proposals from the European Commission and the European Parliament regarding the additional support for regions traditionally associated with coal mining. I am convinced that the new Just Transition Fund is a step in the right direction. However, it is crucial that the management of these funds remains as much as possible at the level of regions, within already proven shared management system. Regional self-government is the best link between residents and decision-makers at national and European level. This is of key importance in the process of socially just and economically effective transformation of Silesia Region — Jakub Chelstowski

The Minister for Economy of Brandenburg Jörg Steinbach thought that it would be too late to think of strategies. In his view, an action plan was needed. He stressed the need for financial support to steer the phasing out process. In this context, he believed that help was needed on the regulatory side in order to provide better access to financial support.

Since 1990s we have been in the transition process from 'old time' coal regions to future-oriented communities. A lot have already been done but we still have a lot to do. We need a strategic framework based on multi-level and multistakeholder governance. In fact, it means continuation of already existing RE:START program in the Czech Republic and coal initiative in the EU. We need dynamic and persistent implementation in the next at least decade by 2030 with a special focus on strategic transformation projects and their synergy. We need Models + Minds + Money: Models (examples and sharing of relevant best practice + Minds (building of regional capacities = talented and motivated people participating in transformation projects) + Money (financial sources – both public/EU, national, regional, local AND private) — Ivo Vondrák

Ivo Vondrák, Governor of Moravskoslezský Region, Czech Republic, elaborated on the six main priorities for the transition in his region, like becoming an innovative region, an educated and employed region, a greener region and a smart region.
Our citizens call on us for an immediate action on climate emergency. We need to take this responsibility and be bold in decarbonising our economy. To succeed we need innovative solutions, cooperation between the EU, the member states and the Local and Regional Authorities. Targeted, financial support, especially for the coal and carbon intensive regions is crucial since for them the energy transition is the biggest challenge. We need to make sure that we can reach the climate neutrality by 2050 and nobody is left behind) — Witold Stępień

**Witold Stępień**, CoR Rapporteur, Member of the Łódzkie Regional Assembly, Poland explained the challenges his region faced in a different kind of ‘transformation’ following the shut down of large textile plants. He was concerned that without action, in a certain number of years, also in the coal sector, the resources would run out and many people would lose their jobs. He expressed gratitude that the CoR showed solidarity with the different regions and their needs. He reiterated the additional struggle of being a coal region changing its economic model. He was happy to see the support for a JTF.

Regarding the eligibility criteria for being included in Just Transition Funding, Mr. Lemaitre confirmed that the Commission considers not only coal regions to be at the heart of the transition challenges but also very carbon intensive regions. Mr. Buzek was convinced that the fund should focus on the 41 coal regions and not also cover other regions.

First Vice-President of the CoR **Markku Makkula** made the closing remarks in which he also reiterated that the JTF should be provided with additional money, be under shared management and closely interlocked with cohesion policy.

**Next steps**

The CoR will follow on this High-Level Conference by:

- preparing a consultation and a study to clearly identify for which cases the current state aid rules have to be changed.
- assessing the proposals on a Just Transition Fund, which will be submitted by the new European Commission.
- continuing its cooperation with the Coal Regions in Transition Platform of the European Commission.