

The Regional Development Portfolio in the context of the new political and administrative policy announced by the President-elect of the European Commission

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Abstract:

On July 15th this year, following the European Elections held in April and after consultations between the President of the European Council and the European Parliament and after the nomination by the European Council, Mr. Jean-Claude Juncker was elected as the new President of the European Commission. Now, at the time this article is being written, the President-elect is in the full process of interviewing and nominating each member of its team on each portfolio in order to be given the vote of investiture by the European Parliament.

The new policy Mr. Juncker intends to implement with the help of his team's members can be characterized by a single word: reform. As stated from the very beginning, the President-elect demands from the commissioners to behave like a team which is open to change and ready to adapt to it.

One of the key portfolios is the Regional Development and the commissioner nominated for it is the Romanian politician Corina Cretu, at present a Member of the European Parliament. She faces a difficult but very challenging task ahead because the portfolio she's been nominated for demands a constant effort to coordinate different projects on a variety of top priorities, such as creating new and sustainable jobs, directing and stimulating investments in order to level up the development differences between the European regions or

contributing to the efforts for the growth of the local economies especially in the less developed and transition regions.

The Juncker Commission, as it was named by the European journalists, has to prove that the European Union as a whole is steadily recovering by moving forward from the financial crisis and that it has the economic means, the political will and the right people to accomplish that.

Key words: European Commission, Juncker Commission, Regional Development, European administration, Romanian Commissioner, European Institutions.

I. European Commission – a new way of implementing European policies

1.1 The political and administrative role of the European Commission

There are four key institutions at the European Union level which take part in the decision making process:

- The European Parliament – consists of 766 members, directly elected by the people from all the 28 member states. Each country is allocated a certain number of MPs according to its share of the E.U. population; therefore the number varies between 6 MPs for states like Malta or Estonia and 99 MPs for Germany.

The Parliament has basically three main roles: to pass the laws in cooperation with the Council, to supervise the activity of all the E.U. institutions and to decide, along with the Council, the annual budget of the European Union.

- The European Council – consists of the Heads of State or Government from all the 28 member states and the President of the European Commission. The member states decide internally who will represent their state in the European Council, the president of the country or the prime minister, for example; here we have to mention that there even are internal

decisions which ruled that both the Head of State and the Head of Government can attend the European Council meetings depending on its announced agenda, if the former delegates the second to represent the state (this is the case of Romania, where the Constitutional Court issued this rule following a political dispute between the president and the Prime Minister).

The European Council issues “conclusions” at the end of each meeting, which normally takes place twice every six months. It does not pass or adopt laws, but, as the highest form of cooperation between the member states, it has the role of establishing priorities which should be followed by all the European states and the European or the national institutions.

- The Council – this is a flexible institution regarding its formation. Actually, the Council is an essential E.U. decision maker, and its configuration consists of one minister from each member state, according to the agenda of the meeting. For example, if the meeting is to approach European financial issues, each state will be represented by the finance minister and the name of the Council will be “Economic and Financial Council”; if the meeting is to approach air pollution, as another example, the environment ministers from each member state will represent their countries at the meeting and this is to be named “Environment Council”.

The role of the Council’s meetings is to discuss, agree, amend and adopt legislation under a voting system which says that the larger the population the more number of votes a country has. Therefore, Germany, France, Italy and U.K. each have 29 votes while Estonia has only 4 votes and Malta only 3. Until now the legislation has been passed by a qualified-majority which ruled that 260 votes were needed for a decision to be taken or a law to be passed but starting this year the method will be replaced by the double-majority voting system which means that in order for a law to be passed it will be needed not only the vote of the majority of the states (55%) but

also of the majority of the population represented by the states in the Council (65%).

- The European Commission – this institution has similar duties to a Government of the European Union. Thus, the European Commission proposes legislation and is responsible for implementing the decisions taken by the European Parliament and the Council; also, it represents the European Union abroad, through its President.

The European Commission is formed and appointed in a multiple step process – firstly, following the European elections, the President of the European Council consults with the European Parliament on a potential candidate for the European Commission from the candidates proposed by the member states. Secondly, after the consultation, the President of the European Council proposes to the members of the European Council a candidate which must be validated by the qualified-majority vote and elected by the European Parliament by a majority of its members. After election the proposed candidate, in cooperation with the member states, chooses its team and appoints each one to a certain portfolio (27 members). Finally, after nominating the entire Commission, each of the Commissioners have to be interviewed by the European Parliament which issues an opinion. Only now the new European Commission is validated and usually starts working in January next year.

The process of appointing a new Commission might seem rather difficult at first glance, but each step is designed in such a way to ensure that the member states have the possibility of fully expressing their opinion about the candidate for the presidency and also this process ensures each state the opportunity to promote their best candidate as a commissioner for one of the 27 European portfolios.

1.2 Juncker Commission - a new way of implementing European policies

At present, the President-elect of the European Commission is Mr Jean-Claude Juncker, the former Luxembourg Prime-Minister between 2005 and 2013; he was elected as President of the European Commission on the 15th of July 2014 with 422 MEPs votes in his favour, more than the 376 votes necessary for validating its candidacy. He is expected to gain back the regional and international strength and to boost the economy of Europe over the next five years.

The word which can most easily describe the policy of the new President is “*reform*”. Mr Juncker stated this fact from the very beginning, while he was still a candidate – his political guidelines were comprised in a document, addressed to the European Parliament, named “*A New Start for Europe: My Agenda for Jobs, Growth, Fairness and Democratic Change*”, where he clearly stated:

as candidate for President of the European Commission, I see it as my key task to rebuild bridges in Europe after the crisis. To restore European citizens’ confidence. To focus our policies on the key challenges ahead for our economies and for our societies. And to strengthen democratic legitimacy on the basis of the Community method.¹

The words “new start”, “reform” and “change” are abundantly used by the author in the whole document, as a way to utterly express his desire for a new Europe and a new way of accomplishing the political and administrative duties of the Commission.

Moreover, the document sets out the top ten priorities of the new Commission, as stated by Mr Juncker, and these are:

¹ A New Start for Europe: My Agenda for Jobs, Growth, Fairness and Democratic Change. Political Guidelines for the next European Commission, Strasbourg, 15 July 2014; http://ec.europa.eu/about/juncker-commission/docs/pg_en.pdf

- *a new boost for jobs, growth and investment*; the elected President admits that there are not the governments or the E.U. institutions the ones which create jobs but the private companies and therefore a proper climate for supporting entrepreneurship and private investment is needed;
- *a connected digital single market*; Mr Juncker stresses that by creating the future digital single market, up to 250 billion Euros can be generated as additional growth to the European Union over the next 5 years;
- *a resilient Energy Union with a forward-looking climate change policy*; in his vision, the Europe's Energy Union has the power to become the world number one regarding renewable energies;
- *a deeper and fairer internal market with a strengthened industrial base*; Mr Juncker wants the European industry to have, once again, a 20% weight in the E.U.'s GDP, as now it has only 16%;
- *a deeper and fairer economic and monetary union*; here the new elected President stresses he would focus on preserving the stability of the European single currency while making the process of helping Euro zone countries in difficulties a more democratic and transparent one;
- *a reasonable and balanced free trade agreement with the U.S.*; here the focus is placed on mutual abolishing of the custom duties between the two unions and on recognizing each other's standards for products;
- *an area of justice and fundamental rights based on mutual trust*; Mr Juncker pointed out a few key concerns the new Commission will have to deal with: discrimination, data protection, cross border crime, terrorism and judicial cooperation;
- *towards a new policy on migration*; the tasks here in Mr Juncker's vision are securing Europe's border and promoting a new European policy on legal migration;

- *a stronger global actor*; while admitting that E.U. is more of a “soft power”, Mr Juncker expresses his desire for the member states to develop, as allowed by the Treaty of Lisbon, permanent structures of military cooperation which will strengthen the security and the defence capabilities within E.U.’s borders. Moreover, when it comes to enlargement, the President-elect stated that during his mandate no other country will join the E.U., as the Union has still been digesting the addition of the new 13 member states over the last 10 years, but negotiations and strategic cooperation with states like Moldova and Ukraine will continue;
- *a union of democratic change*; here, Mr Juncker stated he wanted a political and not a technocratic dialogue with the members of the European Parliament and that, in order to bring additional transparency to the decision making process at the European level he would propose the creation of a mandatory lobby register which should cover all the three main institutions – the European Parliament, the Council and the European Commission; thus, the European citizens will have a transparent way of being informed who is meeting who in terms of the lobbyists, stakeholders, members of the European Parliament and the Council or even the European Commission.

On the day he publicly presented his team, Jean-Claude Juncker said:

Today I am presenting the team that will put Europe back on the path to jobs and growth. In the new European Commission, form follows function. We have to be open to change. We have to show that the Commission can change. What I present to you today is a political, dynamic and effective European Commission, geared to give Europe its new start. I have given portfolios to people - not to countries. I am

putting 27 players in the field, each of whom has a specific role to play - this is my winning team.²

According to his words and his announced political agenda, European Union itself would face a true reform in the next 5 years, with a focus on economic growth and institutional adaptation to the current global context. More than ever, it becomes significantly important for the member states to strengthen their cooperation, might it be financial, industrial or military, and to see the E.U. as a union of states and not only as an institution.

II. The Regional Development Portfolio

2.1 The role of the Regional Development Portfolio within the European Commission

As in any world government, there are portfolios and portfolios – some of them have greater importance than others, though all the Commissioners have been said to be equal by Mr Juncker. He even stressed that his team does not have first or second-class commissioners but team leaders and team players, though the European press and observers noted else.

In fact, Juncker Commission will have seven vice-presidents, the other 20 commissioners being assigned to project teams answerable to one or more of those seven vice-presidents. The regional development portfolio was entrusted to Romania's representative, Mrs Corina Cretu, and it was assigned to four different project teams – the first one coordinated by the vice-president responsible with the jobs, growth and competitiveness, Mr Jyrki Katainen, the second one coordinated by the vice-president responsible with the digital single market policy implementation, Mr Andrus Ansip, the third one coordinated by the vice-president for the Energy Union, Mrs Alenka Bratusek and the last one coordinated by

² Mr Jean-Claude Juncker statement on unveiling his team, September 10th 2014; http://ec.europa.eu/news/eu_explained/140910_en.htm

the vice-president for the Euro and social dialogue, Mr Valdis Dombrovskis. Also, we have to mention that the vice-president for budget and human resources, Mrs Kristalina Georgieva, will work with all commissioners, so there is a fifth vice-president with whom the regional development Commissioner will have to closely coordinate her efforts.

Undoubtedly, the regional development is one of the key portfolios in the new European Commission; the fact that the commissioner was assigned to work with five vice-presidents speaks for itself and stresses the importance of this portfolio. But what is the role of the regional development within the European Commission?

A proper answer might be this one:

Regional policy is a strategic investment policy targeting all EU regions and cities in order to boost their economic growth and improve people's quality of life. It is also an expression of solidarity, focusing support on the less developed regions.³

We might add that not only it is a strategic investment policy but it is the biggest one, too, as the regional development was allotted the most important investment sum of the entire E.U. 2014-2020 budget (351.8 billion Euros out of the total 1 082 trillion Euros).

So far the European regional policy used its resources in different areas of interest and succeeded to do so as, between 2007 and 2012, it financed directly more than 198 000 small and medium sized enterprises, supported more 77 800 start-ups and created an estimated 594 000 jobs, many of them in the SMEs. Also, the European funds were successfully directed to build more than 1200 km of roads and 1495 km of railway, but also to finance 61 000 research projects.

Talking about the regional funds, we must say that the European Structural and Investment Funds (ESIFs) comprise

³ Johannes Hahn, European Commission for Regional Policy, 2014; http://europa.eu/pol/pdf/flipbook/en/regional_policy_en.pdf

of two structural funds, responsible for investing in economic and social restructuring across Europe: the European Regional Development Fund (ERDF, which, according to the Treaty of Lisbon, is intended to help to redress the main regional imbalances in the Union through participation in the development and structural adjustment of regions whose development is lagging behind and in the conversion of declining industrial regions⁴) and the European Social Fund (ESF, responsible for funding jobseekers training so they enhance their possibility of being hired). Along with them, as part of ESIFs there also are the Cohesion Fund (investing in transport and environment), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF).

As proved along the years, the regional development portfolio requires cooperation with other portfolios and departments so the designated commissioner must closely observe the social and economic evolution of all the European states and regions and must cooperate with all the other commissioners or Heads of Governments. The designated commissioner has an even more difficult task when considering she has to pay particular attention to the less developed regions around European Union. By definition, a less developed region is the one where GDP/head is less than 75% of EU 27 average while a transition region is the one where GDP/head is between 75% and 90% of EU 27 average and a more developed region is the one where GDP/head is more than 90% of EU 27 average. According to these criteria, there are countries where all the regions are less developed (such as Bulgaria, Croatia, Estonia, Latvia and Lithuania) or where all the regions except for the Capital city are included in this range (Czech Republic, Romania or Slovakia). Furthermore, there are regions which at this moment have no hope in the next term to approach the

⁴ The Treaty of Lisbon, article 176 (ex art. 160 TEC)

target of 75% of EU 27 average, such as the Nord-Est region from Romania and Severozapaden region from Bulgaria, where GDP was for each one of them only 29% of the Europe 27 average in 2011, the last recorded data so far. Meanwhile we also have more developed regions which perform and reach an astonishing 321% of the average EU 27, such as Inner London from United Kingdom.

It is clear for everyone, especially for Mrs Corina Cretu that the gap between different European regions, in terms of social protection and economic development is unacceptable and this is why we consider that it is the best time for the European Union to have a new start and to try and level up the differences between states, regions and even citizens.

2.2 The key priorities of the new Regional Development Commissioner

According to the mission letter addressed by Jean-Claude Juncker, the President-elect of the European Commission to Mrs Corina Cretu, the designated Commissioner for Regional Development on the 10th of September, in Brussels, she will have a few top priorities which have to be dealt with accordingly:

- Contributing, as part of the project team steered and coordinated by the Vice-President for Jobs, Growth, Investment and Competitiveness, to the jobs, growth and investment package to be presented within the first three months of our mandate. This includes, in particular, proposing ways of boosting the absorption of available funds and ensuring that the new partnership agreements with the Member States for the 2014-2020 funds are well-targeted and can rapidly have an impact. (...) to pay particular attention to the contribution that the funds under the Commissioner responsibility can make to establishing a European Energy Union and completing the Digital Single Market.

- Ensuring coherence and coordination between all funds covered by the Common Strategic Framework, as well as maximising synergies with instruments available at EU level, making full use of innovative financial instruments. A first objective could be to double the recourse to such instruments at national level.
- Ensuring that the new conditionality provisions of the Funds are respected and perform their role, in full accordance with the new requirements of our economic governance framework, and in close cooperation with the Vice-President for the Euro and Social Dialogue and the Commissioner for Economic and Financial Affairs, Taxation and Customs.
- Regularly monitoring the benefit of action at EU level, reviewing the effectiveness of spending programmes and reporting back on the performance of the programmes and the results achieved.
- Supervising expenditure in line with the financial regulation and the principles of sound financial management, always protecting the EU budget from fraud.
- Contributing to the 2016 review of the Multiannual Financial Framework by identifying ways of further increasing the focus of the European Structural and Investment Funds on jobs, growth, investment and competitiveness.⁵

If studying all the other mission letters, addressed to the rest of the commissioners, we can observe the President-elect's interest in creating an efficient team and ensuring the full cooperation and coordination between different portfolios. Mr Juncker's job, though challenging enough, is even more complex while

⁵ Mission Letter from Jean-Claude Juncker, the President-elect of the European Commission to Mrs Corina Cretu, the designated Commissioner for Regional Development;
http://ec.europa.eu/about/junckercommission/docs/cretu_en.pdf

considering the new way of implementing the European policy, by making inter-operative teams of commissioners rather than coordinating 27 different ones.

III. Europe's Regional Development perspectives 2014 – 2020

European Union elected its new President of the European Commission and faces a new budgetary term in a period when the crisis has only just paused, as Jean-Claude Juncker expressed himself. The economic difficulties widened furthermore the gap between the more developed and the less developed European regions and part of the middle class who has been relying on secure governmental paid jobs has been restructured; hence the raise of the unemployment across the continent and the workforce migration. Meanwhile, the developed countries which wanted to protect the internal labour force, opposed the freedom of jobseekers to find a decent working place abroad. Let us not forget the outraged campaigns sparked in the United Kingdom by the tabloid press influenced by certain right wing politicians who fiercely opposed the “invasion” of immigrants from Romania and Bulgaria after the UK labour market liberalization started on the 1st of January 2014. In the end not only the “invasion” did not occur but by the middle of the year there were officials from the U.K. who pointed out that the British labour market definitely needs such an infusion of workforce in order to be competitive.

From the regional development perspective, the 2014-2020 mandate will be one of significant importance, especially when considering the absorption of the European funds by the less developed regions. Poland or Lithuania can be considered best practice examples and other countries should closely notice the way these two succeeded in absorbing European funds in order to develop social or industrial sectors of activity. Less developed regions from Bulgaria and Romania, as we saw

above, which have only 29% GDP from the European 27 average, have no other chance to develop but only by accessing European structural and investment funds along with receiving local administrative support.

Cooperation and coordination are the key words for Juncker's Commission and reform and change are the words which define the new Commission's policy over the next five years. There is no doubt that it would be extremely challenging for the President-elect and his commissioners, but there is definitely hope for the European economy to perform better while the gap between different regions narrows in the near future.

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