



**Datar**



## COESIONET

EUROPEAN COHESION AND TERRITORIES RESEARCH NETWORK

### Minutes: “Services of General Interest and Cohesion” Workshop 16 May 2011

#### 14h00 – 17h00 General Interest Services, Subsidiarity and Cohesion

For 30 years, European general interest service policy has been based on a liberalisation process. If we emphasize competition, this may lead to polarisation. In these circumstances, the SGIs are at the core of tensions between the obligation to contribute to social, economic and territorial cohesion according to article 14 of the Treaty of Lisbon and the liberalisation process. What are the positions of EESC and CEMR?

#### I. Raymond Hencks, EESC

##### 1. *EESC and Definition of SGI*

Mr Hencks chairs the permanent group on SGIs in EESC. The EESC is composed of 344 members from the 27 Member States. The notion of the SGI was created in recognition of the fact that the notion of “public services” referred to different realities from one country to the next. Anyhow, public services seem to be more adapted to reflect the reality of what SGIs are or aim at – i.e., to deliver a service to the public that is of high quality, accessible to all and affordable.

##### 2. *Contradiction between Economic Efficiency and General Interest*

The argument for liberalization is that most public services are economic services and competition will ensure more accessible and affordable services to all. Although article 106.2 points out the prevailing missions of general interest, the implementation of SGIs is based on criteria of economic efficiency. Therefore there is a distinction between SGI and services of economic general interest. But the definitions and limits between both are really blurred.

Not only is the liberalisation process not able to guarantee more affordable prices (e.g. the increase in electricity prices implemented by EDF in France) but quality is often sacrificed, with the quality of new jobs, for example, diminishing.



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### **3. *Positions of the EESC***

EESC has requested that an evaluation be conducted in accordance with pre-defined criteria, including the participation of consumers, but its demand has gone unanswered. EESC considers SGIs as the main tool for well being and cohesion. Article 106.2 needs to be clarified so that general interest prevails over economic considerations. It is also necessary to avoid the distinction between economic and non-economic services of general interest. Common references and norms need to be defined for all SGIs.

### **4. *General Discussions***

- How can we return to a vision of services of general interest, what is their future with regards to cohesion?
- What is the role of services in a solidarity-based economy and how can progress be made toward gaining recognition for them?
- If we don't have a general approach in terms of the SGIs' legal status, isn't it likely to lead to a liberalization process affecting general interest social services as well?
- What are the relations between the various DGs, especially the DGs for Competition and Cohesion?

## **II. Dr Angelika Poth-Mögele, CEMR**

### **1. *CEMR and the Place of Local Public Authorities***

The Council of European Municipalities and Regions gathers together 56 associations of local public authorities from 36 countries within and outside of Europe.

Discussions of cohesion policy with the European Commission are very technical, despite the fact that this issue should be considered at a political level. Member States and their governments have won back considerable power in the European Commission. And clearly the present governments do not support general interest services.

The Treaty of Lisbon for the first time recognized the specific role of local public authorities in the different Member States. This requires that European policies respect their management of the territories. But how is this translated in practice? It is clear that the protocol on subsidiarity and proportionality has contributed to improving the situation. But the territorial impact of new European Commission guidelines is still underestimated.

### **2. *EU2020 Strategy, Cohesion Policy and the Single Market Act***

The CEMR agrees with the EU2020 Strategy but specifies that this strategy does not replace cohesion policy. Solidarity can't be replaced by a strategy that emphasizes growth. Our position is that growth is not an aim in itself. The development of the quality of life of the citizens – and therefore local development – is essential. The problem is that the territorial agenda is often treated separately from the single market and competition.

As Monti specifies in his report, the CEMR believes that the Single Market Act is an important tool for cohesion policy but not an aim in itself. The 12 levers proposed by Commissioner Barnier need to be better defined: what is their use? What are their final objectives? They seem to be quite divorced from the reality. The question of coherence with other policies needs to be considered and pursued.

Public services in the context of cohesion play an important role in territorial policy. Where access and affordability are guaranteed, they help keep people in the region.



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## *General Discussions*

- Doesn't the economic doctrine that seems to prevail in the debate need to be rebalanced?
- The challenge lies in the implementation of the principle of subsidiarity combining both economic and non-economic services.
- At the moment there is a trend to shift from a logic of subsidy to a logic of financial engineering but where is the principle of cohesion in this process?
- The maintenance of non-economic services is essential but at what level and how are new policies tending to greater social coherence to be devised?
- There is a tension between the search for short term return on investment and long term investments.
- Mechanisms need to be simplified.
- The fact that the private sector appropriates all profitable services, leaving deficits to the public authorities and the taxpayers, is absolutely unfair. Universal services might represent a solution.
- Do you aim at supporting the extension of universal services to other sectors?
- How does Germany combine subsidiarity and cohesion? The main German tool is financial adjustment among the Länder.
- What is the best level of action from the point of view of subsidiarity, cohesion and multi-level governance?
- How is multi-level governance to be satisfied, especially given the various temporalities of the various institutional levels?
- What is the position of EESC on reinforcing SGIs through cohesion policy reform?
- Is there a different approach between old and new Member States with regards to the issue of "universal services"?



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