



Zlín Region In Brussels
Region of Opportunities

**Special Report
on the Cohesion Policy**

**History and Perspectives
of the EU Structural Funds**

**English version
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I. PREFACE

This Report has been prepared as a contribution to the debate about the forthcoming reform of European Structural Funds and the implications for the Czech Republic.



The Report aims to improve understanding of how the reform debate is evolving at European level, and to encourage discussion of how the Czech Republic should engage in the international

debate, which seems to continue being complex and controversial. It also set out the European Commission's proposals, which has been negotiated at the European Council of June 2005 and that will be subject to further discussion over the British Presidency of the European Union.

II. INTRODUCTION

On 24-25 October 2002, the European Council meeting in Brussels agreed¹ that ten Candidate Countries Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia- were ready to join the European Union (EU) from the 1st May 2004. The Council also expressed its support for Bulgaria and Romania to achieve the objective of EU membership in 2007.

The enlargement of the Union to 25 Member States in May 2004, and subsequently to 27 or more, brings enormous benefits to the EU. It affects all aspects of the EU, notably in the institutional sphere, with new governance and decision-making procedures, and in terms of budgetary and financial issues. It also represents an unprecedented challenge for the competitiveness and it obliges the EU to reconsider the two main areas of EU expenditure, namely *Common Agricultural Policy* (CAP) and *Cohesion Policy*, commonly referred to as *Regional Aid Policy* or the *Structural Funds programmes*. Cohesion policy is one of the main pillars of the European Union, as set out in Article 158 of the Treaty, the only policy of the EU that explicitly addresses economic and social inequalities. Cohesion has been further reinforced by the introduction of a clear reference to the territorial dimension of cohesion in the new Constitution. It is thus a very specific policy involving a transfer of resources between Member States via the budget of the EU for the purpose of supporting economic growth and sustainable development through investment in people and in physical capital. In the field of regional policy debate on the future financing of the EU has begun to consider how the objectives of political and economic cohesion can be met in an enlarged EU during the next financing period, 2007-2013. It is already clear that the EU enlargement will lead to the most fundamental reform of EU regional policy since 1988.

The reform of the Structural Funds is of major importance for the Czech Republic.

¹ European Council Presidency Conclusions, 24-25 October 2002;



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