

EU accession ‘an opportunity for reform’ for Balkan cities and regions

EU reports show Western Balkan local and regional governments making steps forward

The possibility that Serbia and Montenegro could join the European Union in 2025, a conditional target date proposed by the European Commission, should encourage municipal and regional reform across the Western Balkans, speakers said on 4 May during the leading annual conference focused on the local and regional dimension of EU accession. The European Commission and the presidency of the Council of the EU were among those who, during the [Enlargement Day](#) conference organised by the European Committee of the Regions (CoR), emphasised that the success of the EU’s next enlargement will heavily depend on cities and regions.

[Karl-Heinz Lambertz](#) , the CoR’s President, said: “Future EU membership is a tangible reality for the Western Balkans but it needs political commitment from every level of government. Given that 70% of EU legislation is delivered by regions and cities, local and regional governments from candidate countries must be fully engaged throughout the EU accession process. The EU must help by establishing a Local Administration Facility that would help sub-national levels to work together with their EU peers. Well-established activities such as cross-border cooperation, macro-regional strategies, and networks such as the Covenant of Mayors, where cities and regions are improving energy efficiency and fighting climate challenges, should be bolstered to drive change.”

[Johannes Hahn](#) , the European Commissioner for European Neighbourhood Policy & Enlargement Negotiations, used the Enlargement Day conference – for the first time – to present this year’s EU’s latest reports on the progress made by candidate countries. The reports modest progress at the local and regional level. The Commission’s [appraisals](#) , published on 17 April, will serve as a basis for discussions at the [EU-Western Balkans summit](#) in Sofia on 17 May.

Commissioner Hahn said: “I am deeply convinced we will not be successful if all our efforts are not translated into concrete actions on the local and regional level. We will only stay on the surface if we deal only with the national level. What is necessary is to get on the ground. Local and regional governments play an important role as an anchor of stability, promoting socio-economic development and facilitating cross-border cooperation. Accession to the EU remains merit-based. One thing is not negotiable: quality comes before speed. Our partners know enlargement will only happen if it is a win-win situation for both sides.”

Lilyana Pavlova , Minister for the Bulgarian Presidency of the Council of the EU, presented the progress on the Presidency’s priority for European perspective of the Western Balkans and said: “The enlargement process

represents a strategic investment in the peace, democracy, prosperity, security and stability in Europe. Bulgaria recognises the high added value of being part of the EU, which has significantly contributed to the development and economic growth of the country, respectively the well-being of our citizens. I am glad that the Bulgarian Presidency has achieved one of our primary aims and that the European perspective for the Western Balkans is now high in the EU agenda, because Western Balkans is a region with high potential, economies in the region are growing fast, and deepening relations between the EU and the countries in the region is of mutual interest.”

Since 2006 the CoR has been working with local and regional authorities from [countries seeking EU membership](#) , developing structured work programmes with Serbia, Montenegro and the former Yugoslav Republic of Macedonia – through joint consultative committees – and less structured dialogues with other countries in the region and with Turkey. The Enlargement Day conference was preceded, on 3 May, by meetings of the joint consultative committees and working groups, each focused on a particular practical challenge identified by cities and regions in the would-be member states. These included [waste management](#) , [corruption](#) , the [digital transformation](#) , the [protection of cultural heritage](#) , and [city-to-city partnerships](#) .

Notes to editors :

- Keynote speakers at the conference were: [Johannes Hahn](#) , European Commissioner for European Neighbourhood Policy & Enlargement Negotiations; [Karl-Heinz Lambertz](#) , President of the CoR; [Lilyana Pavlova](#) , Minister for the Bulgarian Presidency of the Council of the EU; [Goran Svilanović](#) , Secretary General of the Regional Cooperation Council; and **Darko Fras**, President of the Network of Associations of Local Authorities of South-East Europe (NALAS). The [Regional Cooperation Council](#) , which was established in 2008, serves regional cooperation and European and Euro-Atlantic integration of South East Europe, focusing on removing obstacles to mobility, connectivity and competitiveness and on contributing to better governance, the rule of law and enhanced security. It has 46 partner countries and international organisations. [NALAS](#) brings together 14 associations, representing roughly 9,000 local authorities in Albania, Bosnia & Herzegovina, Bulgaria, Croatia, the Former Yugoslav Republic of Macedonia, Kosovo, Moldova, Romania, Serbia, Slovenia, and Turkey.
- Experts who gave their appraisal of the state and future of the enlargement process at the conference on 4 May were: [Dušan Reljić](#) of the German Institute for International and Security Affairs (SWP); [Vessela Tcherneva](#) , of the European Council on Foreign Relations (ECFR); [Erwan Fouéré](#) from the Centre for European Policy Studies (CEPS); and [Srđan Majstorović](#) , from the European Policy Centre (CEP) in Belgrade. A summary of the European Commission’s new [enlargement strategy](#) is available from the European Parliament’s research service.

- The CoR welcomed the European Union's plans for a deeper engagement with the Western Balkans in an [opinion adopted on 22 March](#) , but the EU's assembly for local and regional politicians stressed that the EU must make itself "stronger and more stable" before countries from the region can join the Union. The set of recommendations presented by the CoR and drafted by [Franz Schausberger](#) (AT/EPP), from the province of Salzburg, underscored that "regional cooperation and good neighbourly relations" should be "key prerequisites" for admission to the EU, specifically noting the "utmost importance" attached to migration and border management". The recommendations built on CoR opinions on the [value](#) and [implementation](#) of macro-regional strategies, ways of strengthening [cross-border cooperation](#) , and the EU's strategy for the [Adriatic and Ionian Region](#) .
- The CoR reviews the European Commission's annual [Enlargement Package](#) each year. The latest package, which was published on 17 April, will be assessed in a report drafted by [Franco Iacop](#) (IT/PES), who is currently the co-chair of the CoR's Joint Consultative Committee with Serbia. His opinion will be adopted in the CoR's plenary session in December, after debates at the commission level in July and September.

Photos are available on [Flickr](#) .

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European Year of Cultural Heritage 2018: Cultural development strategy boosts the competitiveness of cities and regions

On 4 May, the historical city of Burgos in Northern Spain gathered together local and regional representatives from EU Member States in the framework of the European Year of Cultural Heritage 2018. The seminar was organised jointly by the Government of Castilla y León and the SEDEC Commission of the European Committee of the Regions with the aim to highlight and boost the role of culture as an important resource for the future of Europe. The discussion on the importance of cultural heritage and its financing in the future of Europe comes timely as the new budget proposal for the EU after 2020 was presented by the European Commission last 2 May. From 2007 to 2013, almost EUR 4.5 billion was dedicated to European cultural heritage coming from a range of EU policies, programmes and funding schemes .

In his opening speech, **Juan Vicente Herrera Campo** (ES/EPP), President of the Government of Castilla y León, highlighted the rich cultural heritage of his region which hosts the highest number (11) of UNESCO World Heritage sites in the world, among them the Burgos Cathedral and the city's historical centre. "The region of Castilla y León wants cultural heritage to be part of the future of Europe. It's our duty to work for Europe's cultural heritage preservation, also for our economic and social cohesion", said President Herrera Campo.

The SEDEC Commission is currently chaired by **José Ignacio Cenicerros** (ES/EPP), President of the Government of La Rioja. In his intervention, President Cenicerros highlighted the social and economic importance of cultural heritage as well as its role in building the future of Europe and the resulting effect on local and regional development. "Cultural and creative sectors have proved their value even during the difficult times of the economic and financial crisis. In recent years, they have been one of the key sources of employment and growth in many of our communities", President Cenicerros said.

Delegates pointed out that Europe's rich cultural heritage is an invaluable asset: by contributing to the quality of life it determines attractiveness for business, investors and creative and enterprising individuals. Designing cultural development strategies can therefore boost local and regional competitiveness and increase a community's comparative advantage.

Participants also signalled the fundamental role of local and regional authorities in the management, promotion, protection and safeguarding of cultural heritage. Some best practices were presented from the Castilla y

León region such as the excavations at the archaeological site of Atapuerca and the Museum of Human Evolution.

The European Year of Cultural Heritage 2018 will be a key moment of the [next plenary session of the European Committee of the Regions on 16-17 May](#).

In the presence of **Tibor Navracsics**, Commissioner for Education, Culture, Youth and Sport, the assembly will adopt two opinions on [Strengthening European Identity through Education and Culture \(rapporteur Tanya Hristova, BG/EPP\)](#) and on [Cultural Heritage as a strategic resource for more cohesive and sustainable regions in the EU \(rapporteur Babette Winter, DE/PES\)](#).

Note to editors:

European cultural heritage benefits from a range of EU policies, programmes and funding. In 2007-13, €3.2 billion was invested in heritage from the European Regional Development Fund; a further €1.2 billion on rural heritage from the European Agricultural Fund for Rural Development, and around €100 million worth of heritage research was funded from the 7th Framework Programme. [For more information click here](#).

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[**EU Budget 2021-2027: cuts to regional funds will weaken Europe's future, warns EU-wide coalition**](#)

#CohesionAlliance: European Commission's EU long-term budget proposals set to cut cohesion policy by up to 10% and indicate worrying signals of centralisation

Cohesion policy is the EU's most powerful investment tool and currently accounts for one-third of the EU budget but cuts proposed by the European Commission for the years 2021-2017 would reduce its share from 34% to 29%. Such reduction risks deepening divides in Europe and making Europe's future weaker according to the EU-wide [#CohesionAlliance](#) .

The European Commission [proposal](#) for the EU long term budget – or [Multiannual Financial Framework](#) – which sets the EU's expenditure ceilings for the period after 2020, attracted serious concern among the #CohesionAlliance supporters. The EU-wide coalition was launched by the leading associations of regions and cities – [the Association of European Border Regions](#) (AEBR), the [Assembly of European Regions](#) (AER), the [Conference of European Regional Legislative Assemblies](#) (CALRE), the [Council of European Municipalities and Regions](#)

(CEMR), the [Conference of Peripheral Maritime Regions of Europe](#) (CPMR) and [EUROCITIES](#) – and the [European Committee of the Regions](#) – in October last year and since then has attracted around 5000 individual signatories, 115 regions, 80 cities, 50 associations of regional and local authorities, 40 Members of the European Parliament and 30 sectorial associations representing more than 90% of the EU's population.

In the proposal unveiled on 2 May, the Commission proposed reducing funding, a separation of the European Social Fund from the other cohesion funds, the introduction of new conditionalities and links to macro-economic governance, alongside potentially centralising investment decisions. These proposals are in clear contrast with the Alliance's [declaration](#) that calls for a stronger EU cohesion policy after 2020, covering all regions, preserving the role of cities and regions in delivering the policy, better integrating the different funds and tools, and not submitted to new conditionalities.

" Cohesion policy risks being fragmented and centralised. The proposal to cut cohesion funding downsizes the only EU policy that brings true European added-value to regions and cities. Excluding regional and local communities from having a direct say on EU investment plan and decisions, coupled with separating tools and cuts to regional policy, risks seriously undermining the cohesion of Europe over the next decade", said the President of the European Committee of the Regions, **Karl-Heinz Lambertz**.

While appreciating the overall size of the EU budget – given the financial impact of Brexit – and the introduction of new own resources, the President of CPMR and of Portugal's Regional Autonomous Government of the Azores, **Vasco Alves Cordeiro**, stressed that: *" The Commission's EU budget proposals meet neither the expectations nor the needs of the European Union. The proposed budget cuts to key policies for our regions, including Cohesion Policy and the Common Fisheries Policy, are very worrying and will only drive the EU further away from its citizens "*.

The vital role of cohesion policy was stressed by the President of EUROCITIES and Mayor of Ghent in Belgium **Daniël Termont**: *" Cohesion policy should remain a strong pillar in the EU budget. It should reach all cities in the EU and empower them to act locally for a more inclusive, prosperous, democratic and sustainable Europe. I call on all European leaders to financially strengthen this policy and use it as a firm basis for a genuine partnership between the EU and its cities."*

AEBR's President **Oliver Paasch**, Minister-President of the German-speaking Community of Belgium, said: *"Cohesion Policy should keep, at least, the weight it has in the current period both in terms of architecture and financing, addressing all EU territories and keeping local and regional authorities involved as much as possible in the definition or regulations, the setting of priorities and its relationship with other EU policies. "*

CALRE President, **Ana Luís**, president of the Legislative Assembly of the Autonomous Region of The Azores, pointed out that : *"The EU's proposal for the next multiannual financial framework is a clear disappointment, especially for those who defend, as CALRE does, a more cohesive Europe and*

closer to its regions, namely by virtue of a significant reduction of the financial envelope for Cohesion Policy. It is true that initial expectations were not very high, however it was expected that the EU would truly assume its role as the driving force behind integration and present a proposal which, notwithstanding realistic, would also be ambitious and serve as a good basis for the discussions with the European Parliament and the Member States in the Council”.

The president of the Emilia-Romagna Region and CEMR president, **Stefano Bonacini**, declared: " By cutting cohesion policy the Commission is seriously letting down Europe's towns and regions. Even on the basis of 2018 prices, this will represent a loss of 41 billion EUR for local and regional governments for the 2020-2027 period. On top of this, much more clarification is still needed regarding the future programmes and issues such as co-financing of cohesion projects. What does the Commission mean by saying it will increase national co-financing? Will all regions still be able to receive funding? What does the "rule of law" clause mean for local and regional governments? But every cloud has a silver lining. We are pleased that simplification and flexibility will be two pillars of the next cohesion policy, as towns and regions have long called for. Moreover, the Commission's decision to include climate, digitalisation, transport or innovation as priorities is definitely a step forward. However, it still needs to say whether towns and regions will have direct access to this funding. "

The AER President, and President of the Region Västra Götaland in Sweden, **Magnus Berntsson** said: " While the Commission's proposal to simplify the cohesion policy framework is welcomed, the proposed EU cohesion budget is less ambitious than we hoped. The proposed cuts to cohesion policy show a lack of commitment to scale up a budget that works towards economic, social and territorial cohesion across the EU. The proposal to take out the European Social Fund of the Cohesion heading also worries us. Such decisions are likely to undermine the ability of the Union to achieve sustainable, inclusive and smart growth outcomes in the future. We are still waiting to see what these proposed numbers will look like, but whatever the outcome, we will work hard with our member regions to use this budget in a way that helps the regions of Europe to stay strong and grow stronger."

Background note

Worth over €350 billion between 2014 and 2020, cohesion policy – implemented through [the European Structural and Investment Funds](#) – is the EU's main investment tool that works to reduce regional disparities, create jobs, open new business opportunities and address major global issues such as climate change and migration. It is the only EU policy that covers all of Europe's local communities involving local stakeholders to deliver growth strategies led by shared EU goals.

The #CohesionAlliance is a coalition of those who believe that EU cohesion policy must continue to be a pillar of the EU's future. The Alliance was created through cooperation between the leading European associations of cities and regions and the European Committee of the Regions. It demands that the EU budget after 2020 makes cohesion policy stronger, more effective,

visible and available for every region in the European Union. From national, regional and local governments to SMEs, NGOs, schools, universities, cultural organisations, anyone who believes in EU cohesion policy is welcome to join the #CohesionAlliance by signing the [declaration](#).

[Mergers: Commission approves acquisition of Rockwell Collins by UTC, subject to conditions](#)

Commissioner Margrethe **Vestager**, in charge of competition policy said: *"When we take a trip on a plane, we usually don't think about all the different components that go into building the aircraft. UTC and Rockwell Collins are two of the biggest suppliers of these components to aircraft makers worldwide. We need to ensure that competition is preserved for all of them. We can allow this merger to go ahead because in all the markets where we raised concerns, UTC has committed to divest activities covering the entire overlap between the two companies."*

UTC and Rockwell Collins are suppliers of aerospace systems and equipment to aircraft producers such as Airbus and Boeing. Both manufacture a broad range of products, with largely complementary portfolios. UTC focuses on products such as power generation, propulsion systems and landing systems, while Rockwell Collins focuses on avionics and different cabin interior products.

The Commission's investigation

The Commission gathered extensive information from dozens of aircraft component manufacturers, airlines and airframe manufacturers during its investigation.

On the basis of its preliminary investigation, the Commission was concerned that the transaction, as originally notified, would have reduced competition in the markets for trimmable horizontal stabiliser actuators (THSAs), certain pilot controls (throttle quadrant assemblies and rudder brake pedal systems), pneumatic wing ice protection and oxygen systems.

Following its investigation, the Commission found that:

- concerning THSAs, pilot controls and pneumatic wing ice protection, UTC and Rockwell Collins are important global players that would have faced limited competition from competing suppliers after the transaction.
- concerning oxygen systems, the market is already highly concentrated, with Rockwell Collins as the leading global supplier, while UTC had plans to enter that market and challenge Rockwell Collins with newly

developed technologies.

The Commission concluded that other overlaps and vertical links between UTC and Rockwell Collins' activities did not lead to any competition concerns, mainly because of the existence of a sufficient number of alternative suppliers.

The Commission also investigated whether the merged entity would have the ability and incentive to use components in its portfolio to shut out competitors, through practices such as bundling or tying. The Commission concluded that the merged entity would have neither the market power nor the incentives to engage in such strategies and harm competition.

The proposed remedies

To address the Commission's preliminary concerns, UTC offered to divest the following activities:

- Rockwell Collins' entire global THSA and pilot control businesses, located at several sites mainly in the US and Mexico,
- Rockwell Collins' entire global business in ice protection, located in a single facility in the US,
- UTC's two research projects in oxygen systems.

The Commission found that the proposed commitments fully remove the overlaps between UTC and Rockwell Collins in the markets where competition concerns had been identified.

Therefore, the Commission concluded that the proposed transaction, as modified by the commitments, would no longer raise competition concerns in the European Economic Area (EEA). The decision is conditional upon full compliance with the commitments.

International cooperation

Given the worldwide scope of the companies' activities, the Commission has cooperated closely with other competition authorities, including the US Department of Justice and the Canadian Competition Bureau as well as the competition authorities of Brazil and China.

Companies and products

UTC, based in the US, provides high-technology products and services for the building systems and aerospace industries worldwide. The UTC group comprises the following business units: (i) Otis Elevator Company, (ii) UTC Climate, Controls & Security, (iii) Pratt & Whitney, and (iv) UTC Aerospace Systems.

Rockwell Collins, based in the US, manufactures and supplies aviation and integrated solutions for both commercial and government applications. It also manufactures and supplies a variety of aircraft cabin interior products.

Merger control rules and procedures

The transaction was notified to the Commission on 12 March 2018.

The Commission has the duty to assess mergers and acquisitions involving companies with a turnover above certain thresholds (see Article 1 of the [Merger Regulation](#)) and to prevent concentrations that would significantly impede effective competition in the EEA or any substantial part of it.

The vast majority of notified mergers do not pose competition problems and are cleared after a routine review. From the moment a transaction is notified, the Commission generally has a total of 25 working days to decide whether to grant approval (Phase I) or to start an in-depth investigation (Phase II). This deadline is extended to 35 working days in cases where remedies are submitted by the parties, such as in this case.

More information will be available on the Commission's [competition](#) website, in the Commission's [public case register](#) under the case number [M.8658](#).