

LOGON –SUMMARY-1999

SUMMARY

Introduction

Since the early 1990s, the Council of European Municipalities and Regions (CEMR) and its Member Associations, in addition to a large number of other international organisations, have contributed their share in facilitating the process of adjustment to EU standards in the countries of Central and Eastern Europe and supporting the setting up of efficient local authorities and regions and their representative organisations. This was done by establishing working contacts, and notably through the organisation of information events for elected representatives and expert exchanges.

The planned enlargement of the European Union marks a further step towards European integration, with a considerable impact at local and regional level. Being well aware, and in good time, of possible changes may contribute decisively to the successful implementation of the integration process. A paper formulated within the framework of a CEMR working group outlines the experiences gathered by associations of local and regional authorities in Finland, Austria and Sweden, which became EU members in 1995. This should facilitate the process of European integration at local and regional level and intensify the co-operation between European cities and regions and their associations.

This summary is based on a report of some 150 pages, elaborated by local and regional politicians and experts, who were closely involved with their respective countries' accession process.

1. The co-operation of local authorities and regions with the central government

In principal, it is the national governments and administrations, as well as the Parliaments, who are assigned the key role vis-à-vis the European Union and actively participate in the legislative work, the decision-making process and the activities of the Commission and of other EU institutions. However, the steadily increasing scope of „European law“ and the impact of activities and measures undertaken at European level affect local and regional government level as well. It is against this background that local government associations and the representative bodies of the regions and Länder in Finland, Austria and Sweden generated the inclusion of this government level into the relevant information flow between the EU and the central-government level and into the preparation process of various integration-policy decisions.

2. Report on experiences gained, elaborated within the framework of a CEMR working group

The report comprises a presentation on the experiences made by local and regional government associations in Finland, Austria and Sweden in the course of EU accession. These experiences could also be used as a basis for the preparatory work of other countries seeking accession. The Swedish part of this report is already being

used as groundwork for conferences organised by the Committee of the Regions (CoR).

3. The structure of the summary

It seemed useful to split up the complete summary into two parts. The first describes the experiences gained in the course of preparing for EU accession (starting around 1987 until 1994), whereas the second part will comprise the first experiences gained by the associations of local and regional authorities in the three new Member States (from 1995 up to now, early 1999).

4. Preparing for EU membership

The start of the accession process was marked by principle decisions at national level (policy statements), by the establishment of institutions to co-ordinate the processing of information and to adjust the legal system and the administrative structure, as well as by training elected representatives and officers and informing the general public.

Already in the late 1980, the topic of accession to the European Community was taken up in Finland, where appropriate institutions to prepare the negotiations were set up by the government. An advisory council, chaired by the Prime Minister, enabled different associations of local and regional authorities (it was not before 1993 that they merged into the powerful „Association of Finnish Local and Regional Authorities“) to participate in the debates and in the preparatory work.

In Austria, the „Working Group on European Integration“ was set up in 1987 at the Federal Chancellery, including representatives of the federal government, the Länder, the local government and the social partners. Following the country's official application for membership in 1989, the „Council on Austrian Integration Policy“, chaired by the Federal Chancellor, was set up. The Länder and local authorities are appropriately represented in this advisory body as well.

In Sweden discussions on issues related to integration were taken up in 1991. The government set up working groups, at which the Swedish associations of local and regional authorities (the Swedish Association of Local Authorities - SALA and the Federation of Swedish County Councils - FSCC) partly participated. It is however difficult, even today, to find a common basis for discussions on EU-related topics with the government.

5. The phases of the accession process

The preliminary stage of EU accession consisted, starting 1984, of negotiations on increased economic co-operation between the European Community and the countries which were still EFTA members in the late 1980s (notably the Nordic countries, Switzerland and Austria). The agreement setting up the European Economic Area (EEA) was signed in 1992 and came into effect on 01.01.1994. In this way, two thirds of the so-called „acquis communautaire“ already became common law for all countries in the European Economic Area.

Following the respective applications, the European Community took a decision, in 1992, to take up accession negotiations with the EFTA states. In the case of Finland, Austria and Sweden, this led to accession on 01.01.1995.

6. Major topics dealt with during the preparatory phase

The following were regarded by the associations of local and regional authorities as priority topics during the preparatory phase:

- What kind of changes should be expected with regards to local and regional tasks and responsibilities?
- Is there a way of minimising or compensating the possible restrictions on local and regional autonomy and on the right to be included in the information processing and decision-making in issues of importance for the local and regional level?
- Which impacts may be expected with regards to the financial resources and the economic activities of local authorities and regions?
- What are the possibilities of proposing candidates to the national government for the committee of local and regional authorities (Committee of the Regions) and how could this body be strengthened?
- What are the best ways of ensuring a continuous and extensive flow of information (from and to Brussels, from and to the national governments, to individual local authorities and regions) and the establishment of contacts and links to experts, to the national administrations and to the European Commission?
- What are the best ways of introducing more transparency into the national preparatory measures and into the decision-making process at EU level, notably with regards to regulations concerning the tasks and responsibilities of local authorities and regions?

7. Preparatory measures

The major effort during the preparatory phase was focused on the extensive and demanding task of screening and adjusting the national laws and other regulations and the practical course of work, notably at national level, for example in the fields of environmental protection, support for trade and industry and agriculture. Local authorities and regions actively tackled the novelties concerning their interests, for example in the fields of public procurement, subsidies, economic promotion and the right of all EU citizens to vote in municipal elections. The most important preparatory measures towards integration were the following:

- Ensuring the availability of appropriate staff. This applies to the political committees - notably the „European Committees“ - as well as to personnel employed by the associations, the appointment of „European officers“ in the larger cities and regions and the setting up of liaison offices in Brussels. Finland and Sweden set up a joint office in Brussels as early as 1992. The representatives of the Austrian associations and of the Länder were integrated into the Austrian mission in Brussels.

- Initiating and pushing training measures aimed at familiarising politicians, civil servants in local and regional authorities and the associations' staff with the organs and the functioning of the European Union. Additionally information was provided on the EU regulatory instruments, such as directives and regulations, on funding programmes and on the relevant decision-making processes. Yet another objective, most of all for the Austrians, consisted in ensuring that people involved in European affairs improved their knowledge of English and French.
- Preparing reports on the possible impacts of EU membership, including general information on structural and regional policies and support measures. Special „European sheets“ were inserted in the associations' regular information bulletins and European issues were increasingly tackled in the associations' Internet home pages. The expert groups and annual meetings of the associations regularly discussed „European“ topics, such as new EU regulations.

Nevertheless, the preparation phase for EU accession also led to some substantial changes.

- Regional (association-like) structures, putting together several local authorities, were established in Finland in 1994 through a special law on regional development. Their main task is to draw up regional development and promotion programmes and co-operate with the EU institutions in charge of regional policy.
- In the course of adjusting the federal constitution as part of the EU accession process, the Austrian local authorities and Länder were granted, in 1995, a right guaranteed by the constitution, to be informed about and participate in the decision-making process regarding integration-policy issues of relevance to their interests (Article 23 c) and d) of the federal constitution).
- In general, the national associations of local and regional authorities in Finland, Austria and Sweden have upgraded their co-operation with institutions at European level considerably. This applies to the Committee of the Regions, the Congress of Local And Regional Authorities of Europe (CLRAE) at the Council of Europe, the Council of European Municipalities and Regions (CEMR) and the Assembly of European Regions (AER).
- It was important, at least in the case of Austria, to increase the financial resources of the associations of local and regional authorities due to the larger scope of their activities. This was achieved by raising the membership fees and through financial support from the national government.

8. Experiences gained by local authorities and regions following accession - an overview

Over the last years, the EU focused its efforts on consolidating the Internal Market, reinforcing the environmental protection policy and putting into practice the Economic and Monetary Union, whereas the level of dynamism varies considerably from one policy field to another. It was not later than at the special meeting of the European Council in Luxembourg in November 1997, that employment policy has become a priority item on the Union's political agenda. For Finland, Austria and Sweden it was

not only important to tackle the new developments, but also to familiarise with already well-established Community regulations, for example the ones concerning public procurement or the Structural Funds.

The level at which local authorities and regions are effected by EU accession is determined by the varying grade of their competencies and by the administrative structure of the respective state. Thus the following is merely a general overview:

- **The scope of adjustment of the legal system**

The adoption of EU law is predominantly carried out within the framework of the national legislative process. It is nevertheless important to realise, that the process of both formal and informal negotiations and lobbying relating to the contents of new EU law now involves more actors than before.

- **Public procurement**

Local authorities and regions are significant public procurers. The large internal market therefore offers ample possibilities for substantial cost savings through EU-wide calls for tenders. Whereas Austrian local authorities reacted with reserve to the internal market regulations, the Finnish legislative determined thresholds for EU-wide bidding, which are yet lower than stipulated by the regulations. Cross-border public procurement is presently of marginal significance, this however may change in the future. For such a change to be achieved, the EU mainly proposes improved information processing for procurers and suppliers, which implies the need on behalf of local authorities to deal even more closely with electronic media and modern communication technologies. More transparency will also be achieved through the introduction of the Euro.

Resulting from the liberalisation of public procurement due to the adoption of the EU regulations, local authorities will be faced with difficulties notably in the context of granting contracts to local businesses and with regards to their own municipal enterprises.

- **The principles of the Structural Funds**

In spite of the fact that partly changed programmes (different emphasis, funding, etc.) are expected to be introduced as of the year 2000 through the Commission's document „Agenda 2000“, the experiences and findings listed below are still valid. The following are the predominant characteristics of EU regional and structural policies when compared with former national-level support and promotion measures:

- * European programmes are strictly objective-oriented,
- * they are based on a multi-annual programme planning (systematic approach, that is, measures designed for a period of several years and individual projects within this framework),
- * they require compliance with the following principles:
 - * Partnership: close co-ordination between the Commission and all relevant authorities at national, regional and local level, as well as NGOs and the social partners must be guaranteed through all phases of the programme planning;

- * Co-financing: the EU only finances a part of the costs of a programme or a project, whereas the remaining funding must be guaranteed by the relevant national or public authority, or by private funds;
- * Subsidiarity: the EU only undertakes measures aimed at achieving goals which can not be achieved at the national level, and which are therefore, due to their scope or impact, more likely to be sufficiently realised at Community level (The Amsterdam EC Treaty, article 5).

For the local level this means, that local authorities must primarily co-ordinate their activities related to the development and implementation of programmes with their own respective regional and national administrations.

The different co-operation programmes, which exist in addition to the Structural Funds, are of varying importance for local and regional authorities. The following should be mentioned: education and training programmes, the new research and development programmes, as well as the initiatives supporting small and medium-sized enterprises (SMEs), environmental protection, tourism, social policy and the Information Society. The associations of local and regional authorities may help to promote ideas and networking in these fields, which are of strategic importance for local and regional authorities.

- **Subsidies (economic promotion)**

EU law prohibits state subsidies (including the waving of such costs which are usually carried by the enterprise), which distort, or may handicap free competition. Each subsidy must be reported to the European Commission, which examines it and decides whether or not it is allowable and at which level. There are many exceptions to this rule, though, and it is not easy to draw a clear line. In principle, the private and public sectors must be treated equally. For local authorities and their municipal enterprises (energy sector, public transport) this leads to significant changes and restrictions, notably in the case of large-scale investments and within the system of „internal subsidies“ (inter-connection between different branches of municipal enterprises, enabling, for example, using the surplus of the electricity enterprise to cover the deficits of the public transport company). A good example for these developments is the provision stipulating that the territorial monopoly of energy supply be restricted or indeed dissolved.

- **The right of all EU citizens to vote and to stand as a candidate in municipal elections**

The right of all citizens of the Union to vote and to stand as a candidate in municipal elections is regarded as a visible element of the development of the EU into a „political“ union and should also be seen as a decisive step towards a „Citizens' Europe“.

- **Municipal and regional finances**

Both the existing directives (VAT directive and the consumer tax system directive), as well as the tax harmonisation policy currently being prepared, are seen by the associations of local and regional authorities as developments which have so far been largely underestimated. Local and regional authorities in Austria are faced with

the unpleasant fact that the Commission is currently examining the EU conformity of the beverage tax and the tourism charges, although these had been declared to conform with EU law during the accession negotiations. The outcome of this re-examination may cause substantial financial setbacks. Yet another general problem, which local and regional authorities may have to face in the future, derives from the Europe-wide pressure to reduce wage-dependent taxes, resulting in substantial financial losses for local authorities. They are well-advised to approach this issue intensively, both at national and European level (European Commission, Committee of the Regions, European Parliament).

In this context it may be of some interest to note that it was in Austria, basically a federal state, that new national co-ordination instruments in the field of public finances were set up in order to achieve compliance with the level of stability criteria required for joining the Economic and Monetary Union („Maastricht Criteria). One of these instruments is a „consultative mechanism“, guaranteed by the federal constitution. It stipulates that local and regional authorities must be consulted prior to any legislative measures undertaken by one legislative level (for example the national government), which may effect (that is, result in financial losses for) them and that a consensus of opinion must be sought in such cases. Furthermore, Austrian territorial authorities agreed on a so-called National Stability Pact, which provides for co-ordination between all levels when it comes to determining budgetary-policy goals (in the context of reaching the level required by the public-debt criteria). It also stipulates medium-term co-ordination and monitoring of the public financial and budgetary policies. Local authorities associations were authorised through constitutional laws to reach binding agreements upon these issues with the national government and the Länder on behalf of local authorities.

- **Environmental policy**

Some 200 EU directives apply to or effect the political or technical aspects of environmental protection. This may have a considerable impact at local and regional level, as local and regional authorities are forced to take environmental aspects into consideration. All in all it can be observed that, resulting from EU measures, the national environmental-protection policies had to be increasingly focused on individual quality standards, for example in the fields of water, waste water, air and noise, as well as on technical standards, such as specific emissions, noise level or chemical composition. The associations of local and regional authorities had, and still have to ensure their active participation when it comes to drawing regulations clearly effecting local and regional authorities, notably with regards to those aspects, which have to be dealt with on a day-to-day basis, such as waste disposal, the protection of drinking water, sewage treatment, etc. In some cases, like in Austria, new frameworks (such as appropriate funding instruments) had first to be established, supported by the associations of local and regional authorities, in order to provide for the immense investments needed in order to comply with the partly very stringent environmental regulations. Experience has shown that the financial impacts of implementing EU environmental standards may lead to serious problems.

Problems arising from the integration of EU environmental standards into national law vary considerably as circumstances differ from one country to another. This applies, for example, to the Water Framework Directive (prescribing that water management systems be based on river basins, whereas in Central Europe river basins often

stretch over the boundaries of several countries with different government structures), or the nitrate directive (partly causing strong antagonism in the agricultural sector).

- **Employment policy**

Although measures aiming at reducing unemployment, job creation and boosting economic activity are usually the responsibility of central governments due to their general competencies with regards to economic policy, these issues are of high importance for local authorities and regions as well. It is against this background that the associations of local and regional authorities welcome the increasing, if slowly, importance attached to employment and social policy programmes at EU level, as well as the drawing up, as of 1998, of national employment programmes, which must be assessed in Brussels. It is in the first place the initiatives aimed at facilitating the setting up of enterprises, the retraining and employment programmes for the handicapped, long-term unemployed and youth, as well as measures to improve the quality of location, that clearly touch upon the interests of local level. Being involved in co-ordinating these programmes, and, yet more important, in the decision-making process with regards to their implementation, is of importance for local and regional authorities, since strong interlinks exist in these fields between measures at EU level and considerable financial efforts undertaken by local authorities and regions themselves.

- **Urban development - administration development**

These policy fields are becoming increasingly more important, as they aim at recording and developing local and regional authorities' own potentials. Urban policy tackles, inter alia, the issue of making best use of the synergy between urban centres and local authorities in their hinterland, as well as between different markets and cultures, in order to strengthen the role of cities as centres of and „logistic systems“ for the entire region. This is important also in view of the fact that cities must face specific problems due to their high population density, for example with regards to social issues, traffic and environmental quality.

The objective of setting up of appropriate, indeed future-oriented administrative systems, which are a precondition for the development of the aforementioned synergy effects, must be supported both through national measure and the EU urban policies. Strengthening the political and administrative structures, and thus the innovative and financial capacities of local and regional authorities, also at European level, is an objective worth striving for.

These and similar topics can only be approached in connection with an overall policy goal of modernising the administrative structures and of reconsidering the given institutionalised frameworks (for example forms and instruments of inter-municipal co-operation in conurbations, framework provisions for public accountings). Up to now, not much attention has been paid to this issue.

9. General recommendations to associations of local and regional authorities

- Efforts should be made, as soon as possible, to establish a constructive dialogue on EU-relevant issues between all decision-making bodies. It is important in this context to apply, or indeed to establish the principle of partnership with business

and other social partners, with NGOs and, most of all, within the public sector (horizontally between local authorities and regions, vertically between local authorities and regions and the central government).

- The European Union is an alliance of national states. The Member States' individual interests are safeguarded by their representatives in the European Council. Up to now, the local and regional level's interests are formally voiced only within the Committee of the Regions, which is a consultative EU institution. It is therefore indispensable for this level to be included in the national integration process as soon as possible. This not only applies to a smooth and timely flow of information from the national to the local and regional levels, but above all to the formally binding integration of local authorities and regions into the national decision-making process. Here it is of importance for local and regional authorities to be able to bring in their interests and concerns already during the pre-accession process.
- The vast amount of additional information necessitates the wide-scale use of modern information and communication technologies. At the same time, experts and trainer teams should ensure that the complete range of stakeholders - elected representatives, public-service employees, citizens interests groups, etc. - be informed on the appropriate preparatory measures for and the expected consequences of EU accession.
- Competent representation of the interests of local and regional authorities at national and European level requires good and continuous preparatory work, in the course of which the priority issues, the set objectives and the measures to be implemented in order to be included in the decision-making process should be clearly determined. In this sense individual authorities should establish and intensify their links to the national government, which can also be promoted by inviting central government representatives to attend municipal expert meetings and the like. Experience has shown that it is the quality of the experts representing local and regional positions, which makes all the difference. These are after all the same experts, who are later asked to solve problems and who contribute to the identifying of new strategies, both at national and European level.
- The pre-accession preparatory work is only one phase in a continuous process of adjustment and changes. The experiences gathered in Finland, Austria and Sweden however show that this process becomes yet more intensive and sweeping than expected. These experiences further point out that an extensive involvement of local authorities, regions and their representative organisations in the overall EU-relevant decision-making process may contribute considerably to the successful implementation of EU accession.

The „new Europe“ will be successful and durable only if all territorial authorities and their representatives, mutually respecting each other's needs and interests, join forces in order to establish these new structures for the benefit of all European citizens.