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WORKING PAPER

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MEETING DOCUMENT

From:	General Secretariat of the Council
To:	Ad hoc Working Party on the Multiannual Financial Framework (MFF) 2021-2027
Subject:	Latest statistical data for cohesion allocations (Fiche no. 62)

Delegations will find attached the above-mentioned document from the Commission.



22 July 2019

WORKING DOCUMENT OF THE COMMISSION SERVICES**Subject: Latest statistical data for cohesion allocations****1. INTRODUCTION**

On 2 May 2018, the Commission presented its proposal for the Multiannual Financial Framework for the years 2021-2027 and shortly thereafter, between 29 May and 14 June, legislative proposals for all spending programmes. As part of its proposals for cohesion policy adopted on 29 May 2018, the Commission set out the methodology on the allocation of global resources per Member State (Annex XXII of the Common Provisions Regulation proposal).

As is customary, the Commission based its cohesion policy proposal on the most recent statistical data available at that point in time. In order to dampen the impact of possible high fluctuations and one-off effects, and as for previous financial frameworks, the Commission based its proposals on three-year averages. Thus, the Commission proposal relied on statistical data covering the years 2014-2016 to establish the eligibility of regions falling into different categories and calculate the financial allocations per Member State for economic, social and territorial cohesion.

Given the constraint of data availability for those years, the proposal relied on the previous classification of territorial units for statistics (NUTS). Since then, more up-to-date sets of all relevant statistical data have become available, enabling the use of the territorial classification presently in force.

The overall impact of the adjustment stemming from the use of updated statistics on the overall allocation of resources for economic, social and territorial cohesion as set out in Article 103 of the Common Provisions Regulation proposal remains limited (-0.2%).

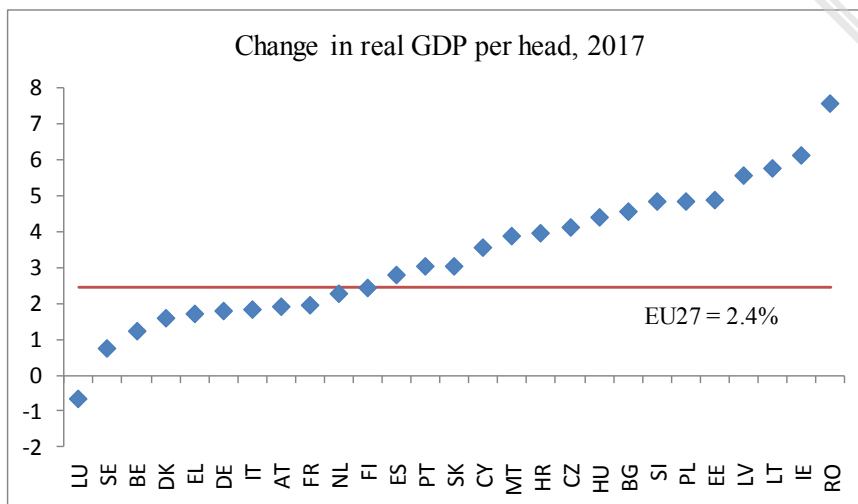
2. UPDATED INDICATORS

A number of relevant indicators require updating, including:

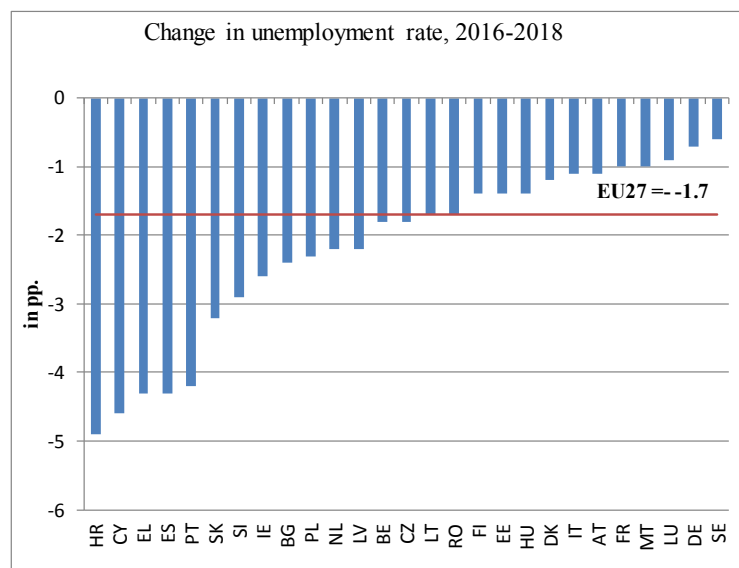
- Revised national GDP and GNI data available for the years 2015-2017;
- Revised regional GDP and population data available for the years 2015-2017;
- Revised labour market and education indicators available for the years 2016-2018;

- Migration figures (used for the purpose of calculating the net inflow of legally residing third country nationals) available for the year 2017;
- More up-to-date figures (for the year 2017) available on Member States' performance on greenhouse gas emissions outside the ETS in relation to the 2030 targets;
- More recent long-term GDP-growth forecasts are available with the Spring forecast of 2019.

The updated statistical data confirm the current economic trend of positive economic growth across the Union generally, but also shows that the pace of growth differs among Member States. The catching up process of the less developed Member States continued apace in 2017 through significantly higher economic growth rates.

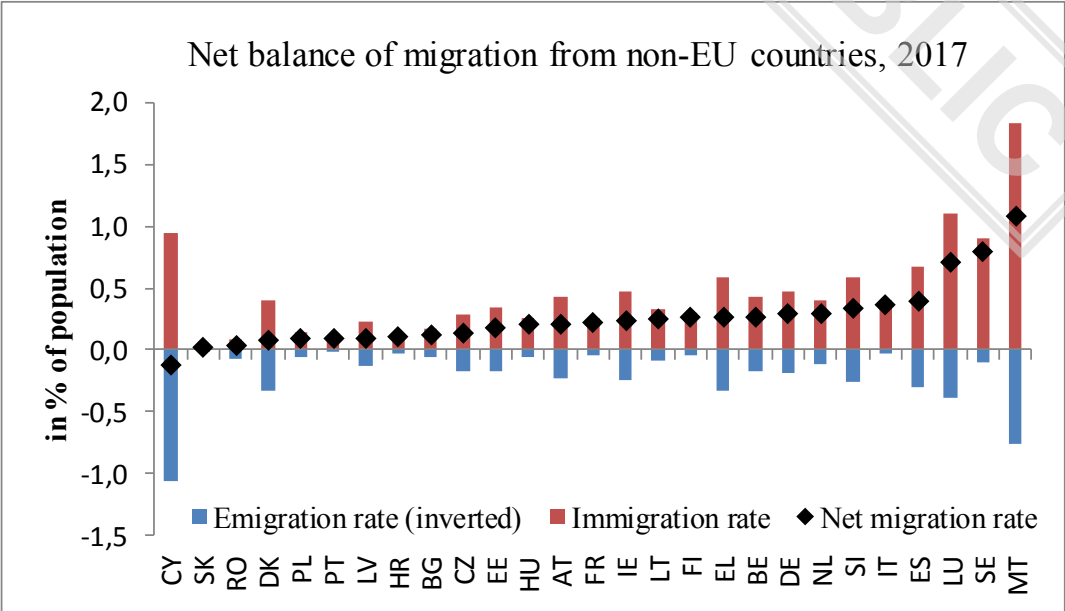


Labour market conditions have continued to improve markedly in 2017-2018, as detailed in the below graph. Employment is at a record high in the EU, and unemployment is at a record low. There are still considerable differences in levels between countries, regions and population groups, but they are diminishing. With the update of the figures for 2016-2018, replacing 2014-2016 data, the significant decrease in the unemployment rate at EU level (-1.7 percentage points between 2016 and 2018) is captured. This decrease has been most pronounced in Southern Member States. The same trend can be observed for youth unemployment.

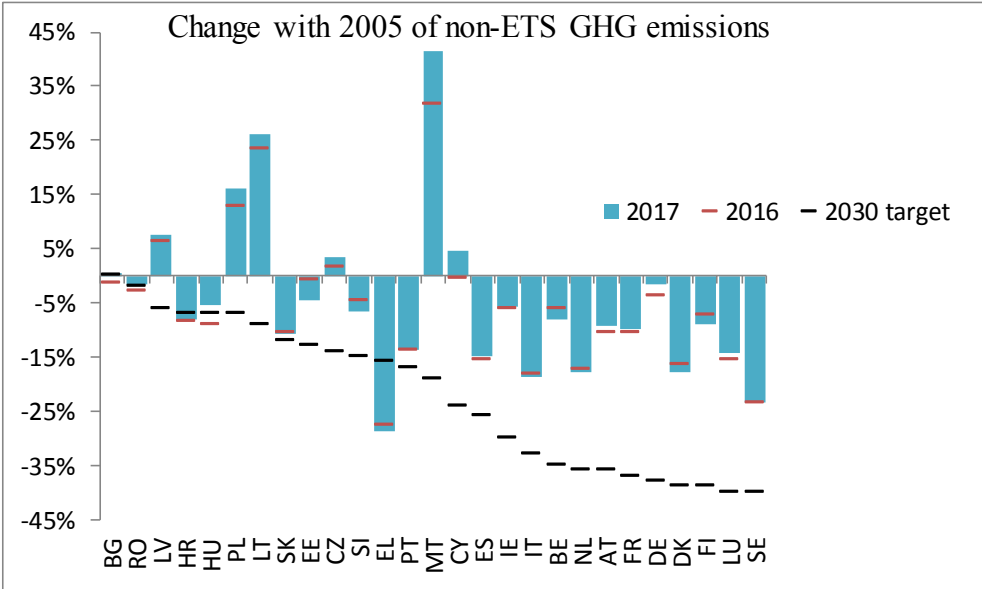


The share of population with low education level also decreased slightly in the EU. However, it remains well above the EU average in most southern regions, as well as in the outermost regions. The rate of early school leavers decreased slightly.

As a prolonged effect of the high number of asylum applications lodged during the migration crisis, the number of legally residing third country nationals continued to increase in 2017, mainly in Member States having received the highest number of asylum seekers.



As regards the reduction of greenhouse gas emissions, some Member States progressed towards closing the gap to the 2030 targets, while for some others the gap increased.



As regards the economic outlook, revised long-term growth forecasts confirm that the Union’s economy is expected to continue growing. The pace is more pronounced in the less developed Member States and slightly above previous forecasts in these Member States. This bodes well for a continued process of convergence.

3. APPLICATION OF THE NEW NUTS REGULATION UPDATING THE ADMINISTRATIVE DIVISION OF THE UNION TERRITORY

Four Member States have made changes in their NUTS 2 level classification, which entered into force on 1 January 2018. In Hungary, the former region of Central Hungary was split in two – former NUTS level 3 – the region of Budapest and the surrounding region of Pest. In Poland, the former region of the Mazowieckie Voivodship was split into two regions of Warsaw and the rest of the region. The former sole NUTS 2 level region of Lithuania was split into two regions, one consisting of the capital of Vilnius and the other covering the rest of the country. A slightly more complex rearrangement of the former two NUTS 2 level regions of Ireland led to them being divided into three regions.

All of the above reflect a more up-to-date picture of economic, social, demographic, territorial and environmental trends in the Union. These trends and revised regional classifications have implications on the eligibility of regions as well as the final result of Member State allocations at regional level.

The changes resulting from the revised territorial classification in the Member States concerned are the following¹:

New regions		GDP (PPS) per capita in % of EU 27		Category of region	
		2014-2016	2015-2017	2014-2016 based on NUTS2013	2015-2017 based on NUTS2016
IE04	Northern and Western		85		TR
IE05	Southern		223		MD
IE06	Eastern and Midland		186		MD
LT01	Sostines regionas	76	111	TR	MD
LT02	Vidurio ir vakaru Lietuvos regionas		63		LD
HU11	Budapest	106	139	MD	MD
HU12	Pest		55		LD
PL91	Warszawski stoleczny	110	152	MD	MD
PL92	Mazowiecki regionalny		59		LD

4. CONCLUSION

Updated statistical data provide a more accurate picture of the real underlying socio-economic situation of different regions.

The weight of different indicators determining the final allocations remains basically unchanged with economic development having by far the most pronounced impact on Member State envelopes. Basing the calculation and eligibility on the most recent statistics available has only a marginal impact on the overall allocation of resources for economic, social and territorial cohesion as set out in Article 103 of the Common Provisions Regulation proposal (-0.2%).

¹ LD = Less developed region, TR = transition region, MD = more developed region