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EU-China cooperation on regional policy[☆]



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Summary Although the European Union and China are different in terms of area, population, economic, social, political and cultural development, both of them have to face similar challenge – the significant regional disparities and unbalanced regional development. Based on this the EU-China cooperation on regional policy has been launched and there is huge potential to develop mutual learning initiatives to allow their regions developed. The main aim of this paper is to outline the trends in evolution and perspectives of EU-China cooperation on regional policy.

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Introduction

During the past 30 years China has been one of the countries in the world with the most rapid economic growth and the longest period of sustained high growth. However, economic growth has not stopped the growing regional inequalities and unbalanced development not only between provinces but also between areas within provinces. Also the European Union (EU) has faced substantial disparities at national and regional level especially since new Member States have joined the EU in the years 2004 and 2007. Regional policies therefore play a significant role in reducing the regional disparities and promoting a coordinated and harmonious

regional development. The EU has rich experience in formulation and implementation of regional policy which can be shared with China and also China's experience is relevant for EU's regional policy. This fact has opened a scope for bilateral cooperation and activities that have started in 2006.

The main aim of this paper is to outline the trends in evolution and perspectives of EU-China cooperation on regional policy. The paper firstly describes and compares the development of regional disparities and regional policy in the EU and China. Consequently, the paper presents the main aspects of EU-China cooperation on regional policy, its results, and future perspectives including the difficulties of regional policy implementation.

In the paper, the research methods of description and analysis-synthesis were utilised. The official documents, studies and reports of European Commission and the Chinese National Development and Reform Commission Chinese

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including academic research papers were used as main sources of information.

Regional development and Cohesion Policy in the European Union

The Cohesion Policy is one of the most important and the most debated EU policies. The elimination of the economic, social and territorial disparities among countries and regions with the support of regional development is considered the primary objective of the EU's development activities. Through the Cohesion Policy, the EU aims to reduce the regional inequalities and support lagging states and their regions to catch up with the rest of the EU members. The EU Cohesion Policy represents a solidarity which is provided by more prosperous states (regions) to the less developed. In the context of European approach, the level of disparities is regarded as a measure of *cohesion*. The support of cohesion (economic, social and territorial) has been emphasised in the European legislative documents of the primary law since 1980. However, the exact definition of the term cohesion has not been clearly defined. According to [Molle \(2007\)](#), the cohesion can be expressed by a level of differences among states, regions or groups that are politically and socially tolerable in EU.

In the area of the EU Cohesion Policy, the EU shares competences with the Member States (at national, regional and local level). At the EU level, the *Directorate-General for Regional and Urban Policy (DG Regio)* of the European Commission (EC) founded in the year 1968, is responsible for the European actions with regard to economic and social development of the least developed regions.¹ The policy is implemented by national and regional bodies in partnership with the EC. The policy framework is established for 7 years period. The current period of regional policy covers the years 2014–2020.

The EC works with the Member States and the regions to draw up *Partnership Agreements* and *Operational Programmes* (multi-annual development programmes) which outline country's strategy, its investment priorities and development needs. The operational programmes are implemented by the Member States and their regions. Priorities of operational programmes are realised by the individual projects which are managed by the selected Managing Authorities in the Member States. The EC commits the funds, pays the certified expenditure to each country and monitors each programme. Both the EC and the Member States submit reports throughout the programming period.

As the implementation level of the EU Cohesion Policy, NUTS 2 regions are seen. The EU uses NUTS (nomenclature of territorial units for statistics) classification of the European territory that was set up for the purpose of the collection, development and harmonisation of the EU regional statistics. Three levels of the NUTS classification are laid down according to minimum and maximum of population. The

NUTS subdivides each Member State into a whole number of regions at NUTS 1 level (3–7 million populations). NUTS 1 is then subdivided into regions at NUTS level 2 (800 thousands–3 million population), and these regions are divided at NUTS level 3 (150–800 thousands population). The current NUTS nomenclature is valid from 1. 1. 2015 and lists 98 regions at NUTS 1, 276 regions at NUTS 2 and 1342 regions at NUTS 3 level.

Regional inequalities in the EU

Despite the fact that the EU is one of the wealthiest parts of the world, it faces the problem of large internal inequalities. In terms of Gross domestic product (GDP) per capita (in PPS, % of EU average, EU27 = 100), Luxembourg is more than five times richer than Bulgaria (year 2013). At the regional level, the difference is much bigger: the richest region is Inner London with 325% GDP per capita while the poorest region is Severozapaden in Bulgaria with 30% GDP per capita.

We can identify several distinct periods concerning the evolution of regional inequalities and convergence in the European countries.² In the period 1950–1975 convergence tendencies can be observed when disparities in regional GDP narrowed ([Bachtler and Turok, 2004](#)). In the 1970s and late 1980s, when regions of six countries which suffered low GDP per capita and high unemployment, entered the Community, the regional disparities increased in comparison with 1950s and 1960s. By contrast, the 1990s was characterised by fast catching-up process. Between the years 1995 and 2004, the regions with low GDP per capita achieved relatively strong economic growth and regions converged. The number of regions with GDP per capita below 75% fell from 78 to 70 and the number of those below 50% declined from 39 to 32 ([European Commission, 2008](#), p. 3). In the year 2004, ten new countries joined the EU. This historic enlargement brought a 20% increase in the EU's population, but only a 5% increase in the EU's GDP. Economic and social disparities have significantly deepened. Overall, in the period 2004–2007 the EU enjoyed a sustained period of economic growth, rising of income, employment rate and diminishing of poverty and social exclusion and regional disparities were shrinking. The situation has been dramatically changed since the economic and debt crisis hit the EU states. The crisis has had a major impact on regions and cities across the EU. The positive tendencies in the narrowing of regional disparities have stopped. The public debt, unemployment rate and poverty and social exclusion have rapidly increased in most of parts of the EU ([European Commission, 2010, 2014a; Minarčíková, 2015](#)). The crisis exposed structural weaknesses in Europe's economy. Analysis of regional disparities according to changes in GDP per capita between 2000 and 2011 confirms that, in the long run, convergence is mostly a result of the least developed regions catching up rather than growth declining in the more developed ones ([European Commission, 2014a](#)). Regional differences have still remained wide particularly between the Western and

¹ The DG Regio is responsible for three EU funds: the European Regional Development Fund (ERDF), the Cohesion Fund, ISPA and also for the Solidarity Fund.

² There is the controversy debate about the EU regions if they are experiencing convergent or divergent growth.

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