

Directorate for Legislative Works 1 Unit B3 – CIVEX

The Head of Unit

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## EUROPEAN COMMITTEE OF THE REGIONS' CONTRIBUTION TO THE EUROPEAN COMMISSION'S 32<sup>ND</sup> ANNUAL REPORT 2024 ON THE APPLICATION OF THE PRINCIPLES OF SUBSIDIARITY AND PROPORTIONALITY

The European Committee of the Regions (CoR) continued its work on subsidiarity, proportionality and better regulation in 2024, guided by the priorities for its 2020-2025 term of office, while promoting an active subsidiarity culture through its actions. In 2024, the CoR adopted 53 opinions and 4 resolutions<sup>1</sup>. Half of all CoR opinions<sup>2</sup> and resolutions<sup>3</sup> contained explicit references to and/or recommendations on the compliance with the subsidiarity and proportionality principles.

In the context of the CoR consultative activity, the **opinion** on 'Active Subsidiarity: a fundamental principle of the EU better regulation agenda' adopted in June 2024, emphasised the need for a holistic and integrated approach throughout the decision-making cycle by systematically, consistently, and continuously using diverse better regulation tools – such as assessments concerning subsidiarity, proportionality, territorial impact and rural proofing. As a follow up, the CoR Better Regulation and Active Subsidiarity Steering Group (BRASSG) adopted in September 2024, a set of recommendations on 'Developing and enhancing the CoR's policy and toolbox on better regulation'4, aiming to streamline and further consolidate the CoR's better regulation tools. Additionally, the study 'Charting the course to better EU law-making' published in September 2024, analysed the existing EU and CoR better regulation tools and processes, exploring their interactions, and examining options for improving existing tools and establishing new ones, both within the current Treaty framework and with potential Treaty amendments. Lastly, the 2024 CoR Conference on subsidiarity's held in Warsaw on 25 October and dedicated to "Better regulation and active subsidiarity: keys for an EU that delivers", was particularly significant as it coincided with the start of the new institutional term. The Conference Conclusions also called for this holistic approach under the theme 'Better regulation and active subsidiarity: keys for an EU that delivers'.

<sup>&</sup>lt;sup>1</sup> For full details see EUR-Lex (europa.eu).

<sup>&</sup>lt;sup>2</sup> 26 out of the total of 53 opinions. Out of the 53 opinions, 10 are on legal acts, with 7 referencing the principle of subsidiarity and 3 not. The remaining 43 opinions do not concern legislative proposals - and may refer whenever appropriate to the principle of subsidiarity as per CoR Rules of Procedures, Rule 55.2 - of these, 19 mention subsidiarity while 24 do not explicitly refer it.

<sup>&</sup>lt;sup>3</sup> 2 out of 4 resolutions. The CoR resolution 'State of Regions and Cities in the EU and the political guidelines for the 2024-2029 European Commission' emphasises that active subsidiarity and full involvement of local and regional authorities are crucial for improving the EU regulatory framework. It supports the Draghi report's proposals to apply subsidiarity smartly and actively; and also highlights the need to strengthen administrative capacity at national, regional and local level.

<sup>&</sup>lt;sup>4</sup> 'Developing and enhancing the CoR's policy and toolbox on better regulation' recommendations and their annex on 'Ensuring the sustainability and upgrade of the CoR better regulation activities'.

<sup>&</sup>lt;sup>5</sup> A biennial event, which fosters exchanges between institutions and stakeholders involved in active subsidiarity and better regulation activities. The conference was structured around two key themes, 'Active subsidiarity: a new approach for the new institutional cycle' and 'Active subsidiarity and European added value in policy making'.

Throughout 2024, the CoR's <u>Better Regulation and Active Subsidiarity Steering Group (BRASS-G)</u><sup>6</sup>, has steered the CoR's different **better regulation tools**, ensuring coherence and synergies between them and promoting the contribution of local and regional authorities to better EU regulation throughout its **lifecycle** from policy-design to ex post evaluation. This included early identification of trends and issues (via **strategic foresight**), policy development (through **subsidiarity and proportionality monitoring, territorial impact assessments**, and **rural proofing**), legislative review (focusing on implementation via the **RegHub network**) and possible policy revision (via the CoR's contribution to the '**Fit for Future'** platform).

The CoR emphasised strategic foresight in shaping future-proof EU policies and organised the second edition of its workshop during the European Week of Regions and Cities on October 9, 2024, to enhance anticipatory capacity among city and regional representatives. The CoR's Green Deal Going Local Working Group (GDGL) and the CIVEX commission conducted respective strategic foresight exercises with the EU's Joint Research Centre. The GDGL exercise aimed to identify barriers and gaps in the European Green Deal and assist cities and regions towards climate neutrality; its findings were published in the May 2024 report [Regions and cities shaping the European Green Deal 2.0]. The CIVEX exercise traced the evolution of the role of local and regional elected representatives in the medium to longer term. The importance of a territorial dimension of strategic foresight was also highlighted in the CoR's [Declaration of the 10th European Summit of regions and Cities] on March 19, and in the CoR's resolution on the [State of Regions and Cities in the EU and the political guidelines for the 2024-2029 European Commission] adopted on October 9, both stressing the need to adapt EU governance and to better involve regions and cities in EU law-making.

To ensure compliance with the principles of subsidiarity and proportionality in the EU legislation, the CoR's **subsidiarity monitoring** was guided by its 2024 Annual Subsidiarity Work Programme (SWP) where three initiatives were identified from the EC's 2024 Work Programme<sup>8</sup> as priorities for monitoring due to their significant political interest for local and regional authorities. Consequently, the CoR has adopted and published opinions on these three initiatives<sup>9</sup>. The exchange of subsidiarity and proportionality observations among local and regional authorities was facilitated by the CoR's <u>Subsidiarity Expert Group (SEG)</u><sup>10</sup> for subsidiarity assessments on initiatives in the SWP, and by the <u>Subsidiarity Monitoring Network (SMN)</u><sup>11</sup>, particularly through the contributions of REGPEX partners<sup>12</sup>, who submitted seven contributions in 2024<sup>13</sup>.

Following the adoption of the CoR Renewed Territorial Impact Assessment (TIA) Strategy in 2023 aimed at providing relevant analysis and information to enhance the territorial perspective of CoR opinions and advocating for TIAs among European institutions as a crucial element of better regulation, the CoR adopted

<sup>&</sup>lt;sup>6</sup> BRASS-G, that is chaired by Ms Antje Grotheer (DE/PES), President of the Bremen Regional Parliament, met twice in 2024 and was consulted via written procedure when needed.

<sup>&</sup>lt;sup>7</sup> The Declaration highlights the need to include regions and cities in shaping the EU's Strategic Agenda and the EC's political priorities. It calls for EU policies to be grounded at the local and regional levels to enhance their democratic legitimacy and effective ness, and advocates for collaboration across all levels – EU, national, regional, and local – to build a stronger, fairer, and more resilient Europe. <sup>8</sup>The 3 initiatives identified from the EC's 2024 WP were: 2040 climate target, water resilience, wind power package.

<sup>&</sup>lt;sup>9</sup> ENVE-VII/050 <u>The future of EU climate policy: aligning mitigation targets and adaptation challenges</u>; ENVE-VII/047 <u>Towards a resilient water management to fight climate crisis within an EU Blue Deal</u>; ENVE-VII/045 <u>European Wind Power Action Plan</u>.

<sup>&</sup>lt;sup>10</sup> SEG members are selected within the SMN, according to their expertise in subsidiarity and their strong background in EU law.

<sup>11</sup> The network gathers parliaments and governments of regions with legislative powers, LRA's without legislative powers and local government associations in the EU, and is also open to CoR national delegations and chambers of national parliaments.

<sup>&</sup>lt;sup>12</sup> Sub-group of SMN gathering parliaments or assemblies representing regions with legislative power.

<sup>&</sup>lt;sup>13</sup> These contributions include positions adopted by individual regional parliaments (Upper Austria State Parliaments, Catalan Regional Parliament, Friuli – Venezia Giulia Regional Assembly, and the Bavarian State Parliament), regional governments (Lower Austrian State Government).

in November 2024 the **opinion** 'The future of European Territorial Cooperation'<sup>14</sup>. This opinion emphasised that the European Spatial Planning Observation Network (ESPON) is a key policy tool for developing territorial knowledge and reducing knowledge gaps, and underscored that **territorial impact assessments** are essential for improving the EC's analysis of the impact of EU legislation.

The CoR continued to highlight the importance of **rural proofing**, by calling for strategies to support rural development and territorial cohesion in its annual report on <u>The State of regions and Cities'</u> and by adopting on December 12, 2024 the <u>Rural Pact Coordination Group (RPCG) Declaration on the future of rural areas and rural development policy in the <u>EU'</u>. These actions aimed to support rural development, address demographic challenges, and ensure <u>EU</u> policies consider the needs of rural areas to promote balanced territorial development.</u>

Likewise, the CoR continued to deploy its ex-post better regulation tools with the European Commission, by participating in the **Fit4Future** platform. The F4F 2024 work programme outlined eight topics, with two CoR members, Mark Speich (DE/EPP) and Anne Karjalainen (FI/PES) appointed as F4F rapporteurs for two opinions<sup>15</sup>. The CoR RegHub network conducted four consultations in 2024, two of which supporting F4F opinions. The RegHub network annual workshop that took place on October 17, 2024, also focused its discussions on better regulation.

Additionally, the CoR has updated its <u>Practical guide on monitoring compliance with the subsidiarity principle</u> and contesting its infringements' to reflect the latest developments and published it in October 2024.

In the context of cooperation with other EU institutions, the CoR has renewed and signed its <u>cooperation</u> <u>agreements</u> with the European Commission (EC) and the European Parliament (EP). The revised cooperation agreement with the EC<sup>17</sup>, signed in March 2024, focuses on multilevel governance and subsidiarity. The revised cooperation agreement with the EP<sup>18</sup>, signed in May 2024, includes a focus on better regulation and territorial impact assessments. Both agreements highlight the need for greater local and regional involvement in EU policy-making and included stronger references to better regulation and subsidiarity. The purpose of these agreements is to better structure mutual cooperation and to identify new avenues of cooperation throughout the legislative process.

In conclusion, the CoR continued its efforts to implement the concept of **active subsidiarity**<sup>19</sup> in 2024 through its actions and its own better regulation toolbox, guided at political level by BRASS-G. In the next steps, it will be crucial to operationalise the cooperation agreements with the EP and with the EC, as well as to involve the CoR in the renewal of the **Interinstitutional Agreement on Simplification and Better Law-Making**, as envisaged in the Political Guidelines for the next European Commission<sup>20</sup>.

<sup>&</sup>lt;sup>14</sup> COTER-VII/038 <u>'The future of European Territorial Cooperation'</u>

<sup>&</sup>lt;sup>15</sup> Mark Speich (DE/EPP) for the platform opinion 'Evaluation of the European Regional Development Fund and the Just Transition Fund' and Anne Karjalainen (FI/PES) for the 'Evaluation of the European Social Fund Plus (ESF+)'.

<sup>&</sup>lt;sup>16</sup> Provides a comprehensive framework for understanding the operation the principle of subsidiarity within the CoR consultative work.

<sup>&</sup>lt;sup>17</sup> Chapter III focuses on the 'Implementation of Subsidiarity and Proportionality, Multi-Level Governance and Better Regulation'.

<sup>&</sup>lt;sup>18</sup> Collaboration on better regulation and active subsidiarity through territorial impact assessments on EU legislation where the CoR will provide timely reports to the EP, and where both parties may participate in each other's meetings to discuss these reports.

<sup>&</sup>lt;sup>19</sup> The concept of 'active subsidiarity' implies that national Parliaments and local and regional authorities provide contributions in the pre-legislative phase to help the Commission calibrate its proposals in the specific multi-level governance context. See <a href="https://example.com/https://example.

<sup>&</sup>lt;sup>20</sup> Ursula von der Leyen, European Commission President, <u>Political Guidelines for the next European Commission 2024-2029</u>, 18 July 2024.