

6th October 2011

2- What is the context of the revision of the regulation?

Most cooperation projects are being implemented through cooperation agreements. The establishment of a common legal body remains exceptional. The future members should be able to commit themselves beyond the end of the current programming period and express the will to “outsource” the management of their cooperation project for the benefit of the EGTC.

As such, the EGTC encounters an exceptional success on French borders: 9 EGTCs have been created in four years (Eurometropolis Lille-Kortrijk-Tournai, West-Vlaanderen Dunkirk coast of Opale, Euroregion Pyrénées-Mediterranean Eurodistrict Strasbourg-Ortenau, Eurodistrict SaarMoselle, Greater region, cross-border Hospital of Cerdanya, Espace Pourtalet and Pyreneus-Cerdanya).

On 1st October 2011, 25 EGTCs have been created in Europe.
[See the map of the EGTCs on the MOT website:](http://www.espaces-transfrontaliers.eu/carte_GECT_Europe_oct_2011.pdf)
http://www.espaces-transfrontaliers.eu/carte_GECT_Europe_oct_2011.pdf
[See the list at the Committee of the Regions portal:](http://portal.cor.europa.eu/egtc)
<http://portal.cor.europa.eu/egtc>

More than half the Member States have already authorized the establishment of EGTCs (Austria, Belgium, Cyprus, France, Germany, Greece, Hungary, Italy, Luxemburg, the Netherlands, Portugal, Rumania, Slovakia, Slovenia and Spain). Dozens of EGTCs are in the process of formation.

These EGTCs are a form of constant experimentation: the members must first obtain authorization from all the states concerned and find solutions day by day in order to make these new structures, associating partners from several Member States, work.

Last July the European Commission adopted a report on the implementation of the EGTC, required by Community Regulation 1082/2006. This report preceded the publication of the amending regulation.

The European Commission notes that *"the gradually accelerating move to create EGTCs shows that local and regional entities are finding more and more ways in which EGTCs can help achieve their aspirations. Nonetheless, the opportunities could be exploited more widely.*

Difficulties in setting up an EGTC have discouraged a number of potential groups [...]. Moreover, the existence of a single body with legal status operating across borders does not eliminate persistent issues such as determination of applicable public procurement rules across borders or the status of EGTCs' own staff.

The Commission therefore intends to propose a limited number of modifications to the Regulation to facilitate the establishment and operation of EGTCs, as well as clarification of certain existing provisions."

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3- What does the draft amending regulation propose?

In order to promote the use of the EGTC, the European Commission, through this amending regulation, proposes to broaden:

- the objective of the EGTC (any territorial cooperation action [article 1.2], development of infrastructure and management of economic services of general interest [article 7.4], management of part of an operational programme [article 7.3])
- and its partnership (articles 3 and 3A: to “national bodies”, to public enterprises, to members from third countries and to overseas territories outside EU territory).

The European Commission also proposes to relax the conditions of:

- establishment (approval of the convention only and within a maximum of 6 months [article 4.3])
- operation (possibility of defining additional ad hoc rules for the employment of staff working at the same location [article 8], possibility of insurance to cover the problem of limited liability of members [article 12])
- constitution: just one member from each Member State has to be competent with regard to the tasks of the EGTC to validate the participation of all the members of the same state (article 7.2).

Lastly, it should be noted that the draft amending regulation is part of a legislative package on the 2014-2020 cohesion policy. This provides for integrated local development project funding which, in the context of territorial cooperation, could be entrusted to EGTCs.

Beyond the strictly technical content of the European Commission's proposals, the Member States and the European Commission will have to solve a complicated equation: how to make the EGTC more effective as an instrument of territorial cooperation while limiting the legal and financial risks for the members (disputes relating to EGTC actions, project cost control, indebtedness, etc.).

For this the European Commission proposes that the convention define the legislations applicable to the EGTC (article 8) and restates that the law applicable to the EGTC is also the law of the Member State where the EGTC carries on its activities (article 2.1).

4- What will happen to this proposal now?

In conclusion, this draft regulation is going to be examined by the various Community institutions, in all probability at the same time as the other regulations for the 2014-2020 period. These proposals are going to be amended by the European Parliament and by the Council. At the end of the legislative process, the European Commission proposes that the Member States have a deadline of 6 months with effect from the publication of the new EGTC regulation to amend their national legislation if necessary.

The new provisions, which do not call into question the operation of existing EGTCs, are not expected to come into force before 2013.