



Contents

I Resolutions, recommendations and opinions

OPINIONS

Committee of the Regions

124th plenary session, 12-13 July 2017

2017/C 342/01	Opinion of the European Committee of the Regions — Local and Regional Dimension of the Horizon 2020 Programme and the New Framework Programme for Research and Innovation	1
2017/C 342/02	Opinion of the European Committee of the Regions — The CAP after 2020	10
2017/C 342/03	Opinion of the European Committee of the Regions — Next steps for a sustainable European future — European action for sustainability	20
2017/C 342/04	Opinion of the European Committee of the Regions — Migration on the Central Mediterranean route	27
2017/C 342/05	Opinion of the European Committee of the Regions — International ocean governance: an agenda for the future of our oceans	32
2017/C 342/06	Opinion of the European Committee of the Regions — People-to-people and small-scale projects in cross-border cooperation programmes	38
2017/C 342/07	Opinion of the European Committee of the Regions — Boosting start-ups and scale-ups in Europe: regional and local perspective	43
2017/C 342/08	Opinion of the European Committee of the Regions — Smart Regulation for SMEs	51
2017/C 342/09	Opinion of the European Committee of the Regions — A European Strategy for Low-Emission Mobility	57

III *Preparatory acts*

COMMITTEE OF THE REGIONS

124th plenary session, 12-13 July 2017

2017/C 342/10	Opinion of the European Committee of the Regions — Coordination of Social Security Systems . . .	65
2017/C 342/11	Opinion of the European Committee of the Regions — Territorial classification and typologies	74
2017/C 342/12	Opinion of the European Committee of the Regions — Renewable energy and the internal market in electricity	79
2017/C 342/13	Opinion of the European Committee of the Regions — Energy Union Governance and Clean Energy	111
2017/C 342/14	Opinion of the European Committee of the Regions — Energy efficiency and buildings	119

I

(Resolutions, recommendations and opinions)

OPINIONS

COMMITTEE OF THE REGIONS

124TH PLENARY SESSION, 12-13 JULY 2017

Opinion of the European Committee of the Regions — Local and Regional Dimension of the Horizon 2020 Programme and the New Framework Programme for Research and Innovation

(2017/C 342/01)

Rapporteur: Christophe Clergeau (FR/PES), Member of the Pays-de-la-Loire Regional Council

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR)

A) EUROPEAN RESEARCH AND INNOVATION (R&I): AN AMBITION THAT NEEDS TO BE STEPPED UP BEYOND THE FRAMEWORK PROGRAMME

Reaffirming the position of the framework programme in implementing the European Research Area and the Europe 2020 objectives

1. welcomes the great success of European research policy as implemented through the successive framework programmes up to Horizon 2020 (H2020), the largest integrated research programme in the world, based on scientific excellence and the acceleration of innovation;
2. notes that H2020 is the main support tool for developing research and innovation in Europe within the overarching Europe 2020 strategy and for implementing the European Research Area (ERA);
3. **reaffirms the relevance of the Europe 2020 strategy**, which proposes a consolidated ‘knowledge triangle’ approach (research — education — innovation), with the change in the learning approach and the goal of raising the level of training for all remaining essential, and promoting university-business cooperation; also recommends seeking greater coordination and complementarity with the Erasmus+ and Interreg programmes, including Interreg Europe, which is devoted to interregional cooperation; emphasises that the implementation of the ERA must be pursued and requires that a number of goals be met, of which scientific excellence is a vital and indispensable, but not exclusive, strand;
4. underlines the continued relevance of the ERA objectives and the benefit of still seeking to achieve them, particularly in respect of transnational cooperation, knowledge mobility, a single labour market for researchers and innovators, gender equality, and access to information and science;
5. suggests, in order to develop support for the project to build a knowledge society in Europe, that European talent be identified and researchers’ careers monitored; European pathways for researchers should be established, enabling them to access programmes to support their research career in periods of transition; the involvement of researchers in the business environment should be promoted;

6. refuses to limit the budget debate solely to the framework programme: depending on the valuation method, the share of cohesion policy devoted to research and innovation varies between EUR 43 and EUR 110 billion, not including the major contributions from other sectoral policies and the Juncker Plan;

For a return to innovation and research as a budgetary and policy priority

7. **calls for a return to innovation and research as one of the top priorities in the debate on the future of Europe** and the priorities set out in the Rome Declaration ⁽¹⁾, for the horizontal governance of research, innovation and training issues within the EU to be strengthened, and for the EU's overall fiscal effort in the area of R&I to be stepped up across each of these policies, within the current and the next MFF. In this overall context, and in line with the European Parliament's draft report ⁽²⁾ and the report of the independent High Level Group on maximising the impact of EU Research and Innovation Programmes (Lamy Report) ⁽³⁾, the budget for the framework programme should be considerably increased to at least maintain the growth momentum of the current framework programme ⁽⁴⁾. In any event, the necessary promotion of R&I must not undermine the importance of cohesion policy, which remains the EU's key financing tool for achieving economic and social cohesion and convergence between its cities and regions. The full potential of cohesion and R & D policy measures will need to be harnessed and combined in order to boost regional development;

8. calls for a new collective ambition that focuses not only on scientific excellence in Europe but also on scientific excellence and the innovation capacity of Europe as a whole, by tapping into the full potential of all its cities and regions, helping to strengthen their capacities and promoting open and collaborative innovation;

9. believes such an ambition is particularly necessary in the context of a globalisation process whose effects are not yet contained, above all at local and regional level, and where research and innovation can offer resilience, high added value and long-term competitiveness;

10. aims to promote a holistic approach to European, national and regional funding without which this ambition and the debate on the EU budget would be meaningless; points out the importance of the target of spending 3 % of GDP on public and private R&I that was set for all Member States by the Europe 2020 strategy, which has been stagnating at 2,03 % since 2015 and undermined, among other things, by the decrease in appropriations in many Member States; to that end, considers it essential to continue strengthening R&I systems, taking account of the circumstances in each country and region, by improving the coordination of policies at European level and promoting the necessary reforms at national and regional level, including through the European Semester and the smart specialisation strategies;

Clarifying the debate on synergies with other EU policies

11. considers it necessary to clarify the debate on synergies and proposes five operational principles that could be shared between the EU, the Member States, the regions and cities:

- coherence principle: sharing governance and the choice of major objectives, strategies and flagship projects;
- compatibility principle: making it possible to pool and streamline resources simply and effectively by addressing the issue of State aid;
- complementarity principle: ensuring a clear distribution of roles and good continuity of action when funding different strands of projects, and ensuring they receive support both upstream (capacity-building, etc.) and downstream (making use of research results, marketing, etc.);

⁽¹⁾ Declaration of the leaders of 27 Member States and of the European Council, the European Parliament and the European Commission (25 March 2017) http://www.consilium.europa.eu/press-releases-pdf/2017/3/47244656633_en.pdf

⁽²⁾ Draft report of the European Parliament on the assessment of Horizon 2020 implementation in view of its interim evaluation and the Framework Programme 9 proposal (2016/2147(INI))

⁽³⁾ Report of the independent High Level Group on maximising the impact of the EU Research and Innovation Programmes: 'Investing in the European future we want' https://ec.europa.eu/research/evaluations/pdf/archive/other_reports_studies_and_documents/hlg_2017_report.pdf#view=fit&pagedmode=none

⁽⁴⁾ 'At a minimum, the budget should maintain the average annual growth rate of Horizon 2020, taking the budget foreseen for the programme's final year as a starting point. This would lead to a 7-year budget of at least EUR 120 billion in current prices.' Report of the independent High Level Group on maximising the impact of the EU Research and Innovation Programmes.

- co-construction principle: establishing a coherent approach based on the idea that financing together means designing together and managing together;
- ecosystems principle: recognising the role of local collective initiatives;

B) REVAMPING THE FOUNDATIONS OF THE FRAMEWORK PROGRAMME WHILE RETAINING ITS STRUCTURE

An open, collaborative programme for the benefit of all

12. points out that the European added value of the framework programme is primarily based on its collective and collaborative dimension and on its contribution to creating a network of researchers and innovation ecosystems. This dimension should continue to take precedence over support for individual projects;

13. is concerned about the decline in the average success rate of the calls for proposals, which is lower than for the previous framework programme and seriously impedes its dissemination in cities and regions. The competition necessary in a drive for excellence should not lead to exclusion and excessive concentration;

14. believes it is vital to maintain the openness of the framework programme in order to ensure its availability right across Europe and its regions, as well as to its citizens; calls for greater innovation in the framework programme's tools in order to combine excellence, inclusion and participation;

15. notes the importance of maintaining a balance between basic research and research closer to the market, but also between free research and research as a response to questions raised by society and economic operators, in order to target both incremental innovation as well as disruptive innovation, as both are capable of creating new business opportunities and jobs;

16. notes the primacy currently afforded to projects with high technology readiness levels (TRL), which prioritises incremental innovation by encouraging researchers to focus on mature ideas that can be brought to the market within a short time span; at the same time, argues that support for projects at lower TRLs is also important for bringing more innovation to the market; stresses the importance of disruptive innovations that are based on lower TRLs and enable new products and services to be released on the market quickly. In any event, helping SMEs access the market and creating sustainable jobs should be key priorities of innovation policy. This should be the role of a European Innovation Council;

17. calls for better account to be taken of all forms of excellence and innovation, and points out that non-technological innovation and social innovation create a need for new knowledge that can configure new areas of excellence;

18. calls for full recognition of social innovation, which means novel ideas (products, services and models) that make it possible to meet societal needs in the broad sense of the term;

19. emphasises that research and innovation is not targeted exclusively at companies but also concerns public policies, health, culture and community life, as well as the social economy and new economic models, which contribute to the creation of new partnerships, new activities and new social relationships. Therefore, the exploitation of innovation output should focus not only on the concept of a product with an economic value on the market but also on the concept of a service with a social value for citizens;

A new approach to excellence

20. highlights that the term **excellence** is used to refer to very different realities; suggests distinguishing between the following challenges which the framework programme must help address:

- scientific excellence, based on the principle of collaboration followed by that of competition;
- the excellence of scientific and innovation projects, characterised by their impact and their contribution to knowledge transfer;
- the excellence of innovation ecosystems and joint efforts between different operators;
- the excellence of Europe as a whole and its overall capacity for innovation;

A new approach to the impact of projects

21. when assessing the **impact** of projects, both in the *ex-ante* phase in the case of proposals and the *ex-post* phase in the case of approved projects, suggests taking the following into consideration:

- the scientific impact, predominantly measured by citations;
- the impact through the dissemination and ownership of the project results;
- the impact through open and collaborative innovation and the development of new products and services, particularly by SMEs;
- the impact on regional innovation ecosystems and their three pillars (research — education — innovation), and on cities and regions and their inhabitants, in particular on employment and well-being;

A new approach to the position of cities and regions within the framework programme

22. suggests, in order to help promote excellence in all its forms, that **cities and regions be given a greater role in the future framework programme:**

- partners for the overall governance of R&I policy in Europe and for the framework programme;
- at the heart of the European excellence networks of hubs and innovation ecosystems;
- participants in projects with facilitated involvement;
- main actors involved in innovating, exploiting and disseminating the results of H2020;
- leading role in the ongoing dialogue between science and society.

Transforming societal challenges to enhance their relevance and impact

23. calls for the introduction of two new societal challenges to develop excellent scientific output on major challenges for the future of European societies:

- tackling the challenges of the European skills agenda: life-long learning within the European social and performance-based model;
- the territorial dynamic of value creation, innovation and employment, social links and sustainable development, including in connection with the demographic challenges facing the regions of the European Union;

24. calls for interdisciplinarity, the human and social sciences, and risk-taking to be given more emphasis in the context of societal challenges, in order to catalyse new ideas and solutions, particularly through the introduction of undefined calls for projects;

25. encourages the adoption of a new, complementary approach based on missions, in order to carry out exploratory work and large-scale projects, as well as on cross-cutting focuses, using the model of smart cities, environmental questions, or maritime and marine research questions; to this end, reiterates the Committee's call for a target to be set, in the next framework programme, for 10 % of projects to have a significant impact on marine and maritime research ⁽⁵⁾;

For means of participation that encourage a greater diversity of projects

26. is surprised that many opportunities existing under the current rules are not sufficiently tapped and suggests several areas for improvement:

- wider, more open calls for proposals that allow new approaches to be put forward;
- greater interdisciplinarity when drafting calls for proposals in order to draw on the entire body of knowledge available, technological or otherwise;
- greater inclusion of the human and social sciences, which is currently lacking;
- greater bottom-up support for networks and initiatives;
- more clarity and accountability at all stages of the evaluation and selection of projects and allocation of funding, and in feedback, so that projects can be adjusted with a view to the next application succeeding;

⁽⁵⁾ Opinion of the European Committee of the Regions, *A new stage in the European policy on blue growth* (CDR 6622/2016)

- an incentive to include more new entrants in the calls for proposals aimed at first-time participants;
- increased and consistent use of ‘cascade funding’, which is a method of reaching people who are not well aware of the framework programme;
- introduction of simplified procedures aimed at cutting unnecessary red tape for end users;

27. calls on the Commission to present those elements of its assessment that justify the high level of funding for large enterprises under Horizon 2020 given that their R & D expenditure has increased only slightly, and consequently to propose changes for the next framework programme;

28. insists on the need to fund research activities with grants; deplores the trend towards replacing grants with loans but acknowledges that projects with high levels of technological maturity that are close to market activities should be able to avail of such loans, among other tools;

29. considers that the development of financial instruments to support the objectives of the framework programme is justified only if they can be used, in partnership with financial institutions, to hedge against high risks where there is market failure, based for example on the InnovFin model; regrets the current limited use of the Juncker Plan to protect against this type of risk;

30. draws attention to the need to improve the financing of innovation projects for SMEs, with the focus on Industry 4.0 programmes as a better way of structuring the EU industrial fabric, while also creating domestic demand for technology that promotes European development;

C) A FRAMEWORK PROGRAMME SUPPORTING R&I ROOTED IN ALL CITIES AND REGIONS

Promoting an excellence-based approach that is firmly rooted in the cities and regions

31. **notes that scientific excellence is embedded in innovation hubs and ecosystems.** The majority of entities benefiting from Horizon 2020 (universities, research bodies, SMEs, civil society organisations) are solidly rooted in their cities and regions, whose assets contribute to the quality of science. This fact must be fully reflected in the framework programme;

32. points out that the territorial dimension must be taken into account as a matter of course when any policy is being framed, because smart specialisation strategies (RIS3) provide resources for science stakeholders and businesses, and create value for cities and regions, as well as for citizens;

33. points out that RIS3s have been adopted and developed by regions as a way of structuring investment in research and innovation to further economic growth, in tandem with other regions, and that coordinating regional and European investment on structural projects in relation to smart specialisation increases the impact of the framework programme and avoids financing projects that are not relevant to local circumstances;

34. emphasises that the framework programme must help to strengthen R&I capacity in cities and regions so that they are helped to climb the ‘stairway to excellence’, e.g. in smart specialisation, and to promote the ability of all regions to take part in H2020 by contributing high-quality projects;

35. notes the importance of cities as innovation hubs that play a key role in producing excellence; also notes that if science is too concentrated in innovation hubs, this may undermine the search for spillover effects on the economy and society, and points to the need to develop pockets of excellence away from the main centres; points to the crucial role played by regional policy in this area;

Forming a new alliance between EU research policy and the cities and regions

36. advocates a new partnership for R&I excellence in Europe — between the EU, the Member States, cities and regions — based on enhanced multilevel governance, compliance with the subsidiarity principle, a shared open innovation culture and development of grassroots initiatives in a bottom-up approach;

37. would like the framework programme to do more to strengthen regional innovation hubs and ecosystems, with more support for technology transfer networks, and for a new 'territorial connections' action to be set up to recognise and fund regional excellence networks through the framework programme, along the lines of the Vanguard Initiative;

38. calls for pioneering regions to form European consortia with a view to creating ground-breaking innovations throughout Europe. Identifying opportunities for collaboration, mapping parts of the value chain, and identifying key stakeholders and capabilities through smart specialisation are key steps in the process of creating EU added value;

Bridging the innovation gap between regions and between Member States

39. **is disappointed that halfway through its term, Horizon 2020 is undermined by low participation among the EU-13 countries⁽⁶⁾, and points to the differences in participation at regional and local level.** It is important to make the framework programme — and not just cohesion policy — work across all the Union's cities and regions so as to support the best pioneers of excellence and ensure their access to European collaborative efforts;

40. would like the *Spreading Excellence and Widening Participation in Horizon 2020* programme to be continued and broadened accordingly, and calls for a special approach in the case of regions in countries that are not eligible for the programme whose R&I is very underdeveloped, which means most of the outermost regions, without losing sight of excellence as a fundamental criterion; highlights the low share of H2020 resources mobilised for this programme (1 %), notes the absence of any significant change in access to the framework programme, and is surprised that the countries that are the major beneficiaries of H2020 are also the main beneficiaries of the Spreading Excellence programme; believes that this undermines the legitimacy of the framework programme, and calls for new initiatives;

41. recommends an integrated approach to the 'stairway to excellence', based on a coordination plan for each country and region so that action is taken on the necessary reforms, building centres of excellence that are open to all, combating the brain drain and participating fully in European research networks. This coordination plan would be co-financed through regional, national and European funding, including Horizon 2020 resources and the European Structural and Investment Funds;

42. to this end, suggests that access to EU cooperation be stepped up:

- by boosting support for research and technological development infrastructure, and by creating more ERA Chairs to attract promising researchers and leading scientists;
- by strengthening incentives to accept new participants in projects submitted and opening up selected projects to new, complementary stakeholders;
- by increasing support to SMEs for the creation of RDI units and the recruitment of technology professionals and researchers by them;
- by increasing the support for the creation of internal structures by SMEs that enable them to participate in research and/or innovation networks;

D) SUPPORTING JOINT AND SHARED INSTRUMENTS TO PROMOTE SCIENTIFIC EXCELLENCE AND INNOVATION

Networks of European stakeholders as sources of excellence and innovation

43. underlines that in accordance with EU values cooperation within networks should come before competition within the framework programme, and draws attention to the importance of such networks as sources of projects and of excellence;

44. in this connection, highlights the relevance of the Regions of Knowledge programme included in the 7th Framework Programme, which allowed for meaningful interaction with regional policy by helping to initiate long-term cooperation between local knowledge triangle players, involve the private sector (including SMEs) in framework programme projects, support transnational cooperation between innovative ecosystems and integrate local and regional players into the ERA;

⁽⁶⁾ The main Member States benefiting from the *Spreading Excellence and Widening Participation* programme are: Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovakia and Slovenia (more information on the programme here).

45. calls for an ambitious policy to develop cooperation networks:
- between researchers, teams or laboratories, and between research infrastructures in order to frame research questions and propose calls for projects and projects;
 - between hubs, pilot projects and demonstrators;
 - between a wide variety of stakeholders, including cities and regions, and regional innovation hubs and ecosystems, in relation to RIS3;
46. points to the considerable potential for supporting these initiatives under Horizon 2020, and has concerns about their meagre resources and limited use; calls for coordination and support actions (CSAs) to be more intensively used, while encouraging better recognition of innovative initiatives implemented by cities and regions through the framework programme; also calls for support for interregional cooperation around the RIS3 to be strengthened, as part of both H2020 and cohesion policy;

Expanding the co-construction of R&I programmes with the cities and regions

47. notes that involvement of cities and regions in implementing Horizon 2020 has increased since the programme was launched, with more and more partner regions for the joint programming tools such as ERA-NET schemes, Marie Skłodowska-Curie Cofund actions, and public-private research and innovation partnerships such as the Clean Sky initiative;
48. is in favour of developing these co-constructed projects, and urges that the implementing rules be simplified and harmonised and that, for example, it be made easier for regions to take part in Joint Programming Initiatives (Article 185 TFEU), subject to the Member States' agreement;
49. calls for further simplification of the handling of aid; continuation and extension of the centralisation of subsidies and aid via a single information portal; programme information, procedures and the participant portal's aid management platform should be in all official EU languages, in order to facilitate participants' access;
50. supports the mechanisms for granting an EU 'top up' to the framework programme in order to support local excellence initiatives that mobilise substantial and diversified funding;
51. believes that experience with the smart specialisation strategies and their implementation offers very useful feedback for steering H2020 and the future framework programme, and for framing the work programmes setting out the areas eligible for financing; calls on the authorities involved in this work to do more to include the local level in this process, in order to improve consistency with grassroots challenges;
52. considers it crucial that the various challenges of the Horizon 2020 programme take into account the socioeconomic impact on regions, starting with the design, planning and identification of areas for programme funding, so that their choice contributes effectively to improving the quality of life in all European regions;
53. suggests that all the provisions of the framework programme be reassessed in the light of the subsidiarity and complementarity principles so as to strengthen coordination between the various stakeholders in terms not just of co-financing but also of a reassignment of roles, focusing the activities of the framework programme on areas offering European added value;
54. recommends transforming the 'seal of excellence' granted to the best unsuccessful applications under the SME instrument, so that this becomes a real partnership facility piloted jointly by the EU and the regions to coordinate their activities as effectively as possible before and after the submission of applications. This principle applies to the other measures covered by the seal of excellence, such as the Marie Skłodowska-Curie Actions and European Research Council grants, and any other projects that help create synergies;

Enhancing spillover effects, innovation and knowledge dissemination in partnership with the cities and regions

55. highlights the role of local authorities as test beds and early adopters via public procurement; calls for relaxation of the regulatory framework for these activities and simplification of the system for supporting innovative public procurement, which is currently underutilised and whose rules are not well enough understood by contracting authorities;

56. reiterates the importance of a 360° approach to innovation that is both incremental and disruptive, technological and non-technological, design- and user-led innovation, social innovation, and open and collaborative innovation; points out that locally established hubs and ecosystems are the main factors in innovation, transfer and value creation activities; calls on the Commission when setting up the European Innovation Council (EIC) to take into account the role played by local authorities in these matters and to involve them in future EIC tasks;

57. proposes introducing in the next framework programme a new structure for the SME instrument, whose programming and implementation conditions would involve local authorities upstream and downstream in order to gear it better to smart specialisation and local financing and to mitigate the discouragement effect associated with its very low success rate;

58. opposes any suggestion of transferring part of cohesion policy funding to measures under the framework programme in order to finance more projects automatically or to support these 'excellent rejects'; wishes to defend the autonomy of regional authorities and to promote the proposed approach based on co-construction and the strengthening of complementarity and cooperation;

59. emphasises the need to consider spillover effects, and issues of dissemination and ownership of project results, from the moment projects are set up. The current impact of projects is limited in these respects, and EU and local programmes should therefore be developed specifically for these activities. Cities and regions should be more involved in using and disseminating the results of projects under the framework programme;

60. also supports the development of instruments designed to support the path of a proof of concept to the market, e.g. the *Fast Track to Innovation* pilot, or the organisation of new industrial sectors through the INNOSUP initiative and its cluster-facilitated projects for new industrial value chains, and would like these to be expanded;

61. a mix of support tools for clusters dedicated to groups of enterprises rather than to individual ones should be developed to enable cross-sector approaches and collaborative EU partnerships. Furthermore, the role that clusters can play as bridges between actors within regions and outside, as channels for business support to SMEs, should be reflected in EU policies;

62. calls on the Commission to assess the impact of the reforms introduced in 2013 to promote synergies between H2020 and the ESI Funds;

63. feels that there is not enough focus in the second pillar on emerging industries, and is concerned that inadequate support is being given to the networks of excellence of innovation hubs and ecosystems geared to industries of the future, such as the Vanguard Initiative. The persistent difficulty of financing industrial pilot projects and large-scale demonstrators is worrying, and the European Commission is urged to boost funding and consider new actions in this area without delay;

64. suggests creating a programme to support demonstration infrastructure in order to promote the networking of testing sites, demonstrators and pilot projects, based on the model for networking research infrastructure;

Developing the relationship between science and society in cooperation with the cities and regions

65. notes that, with the concept of progress currently being challenged and debated, the relationship between science and society must be at the heart of the debate on the future of European R&I, whether this concerns the areas of research focus, the conditions for carrying out projects, or the choices made regarding the development of new social and technical applications of science;

66. thus advocates promoting trust in both science and progress, while developing a sustainable development approach; will therefore defend the precautionary principle, which is a principle of prudence whereby action is taken in full awareness of risk;

67. highlights the major challenge that open science currently represents, through open access to research findings and publications, the availability of information to the general public that is both reliable and from different sources, and the debate with the public and stakeholders;

68. considers that between open science and objective-driven science there should be a space for dialogue between scientific and economic players, as well as civil society, to discuss and formulate new scientific questions together, while at the same time respecting each other's independence;

69. stresses the urgent need to commend science, technology and all related professions, including those in industry, to young people and their families, with particular emphasis on encouraging women to embark on scientific and technological careers;

70. laments the lack of resources earmarked for the *Science with and for society* programme, its fragmentary nature and consequently limited impact, and calls for priority to be given to actions with European added value and with real cooperation between stakeholders, Member States, cities and regions;

International dimension of the framework programme

71. defends the principle of open science but wishes to preserve the specific nature of the framework programme, including in the context of the United Kingdom's withdrawal from the EU; hopes that this withdrawal does not lead to a decrease in funding for the framework programme, while understanding that the issue will be dealt with as part of the comprehensive negotiations with the United Kingdom;

72. calls for a strengthening of international cooperation under the framework programme, including with associate partners and emerging countries, but also as part of neighbourhood policy or sea-basin strategies such as the one for the Mediterranean.

Brussels, 12 July 2017.

*The President
of the European Committee of the Regions*

Markku MARKKULA

Opinion of the European Committee of the Regions — The CAP after 2020

(2017/C 342/02)

Rapporteur: Guillaume Cros (FR/PSE), Vice-President of the Regional Council of Occitanie

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR)

I. GENERAL COMMENTS

1. welcomes the European Commission's approach of involving the European Committee of the Regions in the foresight exercise for the CAP after 2020; observes that agriculture, food and rural areas are facing major challenges which make carrying out a reform of the CAP necessary;
2. stresses that the CAP has played and must continue to play a fundamental role in European integration; the objectives set out in Article 39 of the Treaty on the Functioning of the European Union remain valid as part of the review process which we are facing;
3. notes that the agricultural sector is the second biggest industrial employment sector in the EU employing 22 million farmers and 44 million people in the rest of the agri-food chain and providing more than 500 million Europeans with the highest quality food supply at affordable prices. The impact that agriculture has on jobs is even greater if we include the production, repair and marketing of agricultural machinery and the production and marketing of farm inputs;
4. argues that the CAP should be turned into an agricultural policy that is *fair, sustainable, high-quality and based on solidarity* for the benefit of farmers, regions, consumers and members of the public; considers that only a strong and common European agricultural and food policy can guarantee food security at European level and ensure that rural areas are dynamic;
5. notes that arable and livestock farmers are the key players in and the main recipients of the CAP. Without their support it is not possible to implement the measures by which we seek to achieve the desired outcomes. The CAP must take into account their role and their commitment, and in particular the need for agricultural and livestock farms to be economically sustainable in order to ensure decent living conditions, while also maintaining a vibrant rural environment with an adequate level of employment;
6. believes that the future design of the CAP should take European consumers into consideration. Informing the public of the benefits of the CAP, ensuring food security and guaranteeing environmental protection are challenges that European consumers should face together;
7. believes that, with a view to making farming attractive and ensuring safe and high quality European agriculture, regulated markets could ensure better pay for farmers by employing public and private management tools and measures which stabilise agricultural prices and prevent unfair trade practices; also believes that the position of farmers needs to be strengthened vis-à-vis other stakeholders in the sector;
8. recognises that the economic, social, environmental, regional and international legitimacy of the CAP is key to its survival. The European agricultural sector has some key qualities that form the basis of its competitiveness: innovativeness, robust logistics and infrastructure, considerable diversity, the significant natural, cultural and historical assets of agricultural areas, the large number of family-run farms, and a highly developed culture of entrepreneurship, as well as products that conform to strict environmental and health rules. All of these qualities offer potential that we need to make more use of, via a targeted CAP, in order to further strengthen agriculture and rural areas;
9. believes that the CAP urgently needs reform so as to be more in tune with public expectations and to legitimise its budget, which is much sought after in a context of static budgetary resources;
10. is convinced that the success of the CAP is founded on unity, and that there must be no shift away from this towards renationalisation in the future, while also hoping that the regions will be strengthened in keeping with the principle of subsidiarity. In retaining its character as a common policy, the CAP must be flexible in order to take account of the different circumstances in agriculture, particularly those of the Mediterranean and outermost regions;

11. draws the European Commission's attention to the growing interest among consumers in locally produced, high-quality and fair priced food that meets animal protection standards and has a high environmental and social value, as well as creating jobs and added value; this is also evident from the increase in demand;
12. believes that the traceability of modes of food production, which is a safety guarantee for consumers and producers, must be enhanced and sustained;
13. notes farming's lack of economic appeal as a career in many areas of production and subsectors, which exacerbates the problem of an age pyramid that is very un conducive to generational renewal⁽¹⁾; the fact that few young people are taking up farming represents a threat to the continuation of European family-based agriculture and the vitality of rural areas; believes that measures should be introduced to support the entry of young farmers into the sector;
14. notes that the CAP, despite having a significant budget, is associated with a considerable decrease in agricultural employment (the number of farms in the EU fell by 20 % between 2007 and 2013); notes that the CAP budget has fallen in percentage terms over the last 30 years, from 75 % to 40 % of the EU's budget;
15. stresses that agricultural production should be promoted by the CAP, as provided for by the Treaty, by giving farmers the means to generate their income essentially from the market, at a reasonable and justified cost for European citizens and consumers; points out that numerous studies have demonstrated that the CAP has contributed to the concentration of agricultural production in certain regions at the expense of others, undermining the EU's territorial cohesion goals;
16. believes that the CAP must reflect the various agricultural and climate-related circumstances in Europe, especially those of less-favoured areas, such as grassland hilltops, mountain regions, the Mediterranean, north polar regions and outermost regions. The CAP must take account of their functions in safeguarding the land and protecting the soil, and in providing support for maintaining rural communities and their cultural values as well as their role in maintaining an active social system in these regions;
17. recalls that, despite warnings by the European Court of Auditors, the distribution of public support among farms and Member States remains very unequal; notes that the allocation of direct payments on the basis of surface area has resulted in farmland and direct payments becoming heavily concentrated; the latter should take greater account of the range of farming models, levels of income, added value produced and jobs provided and should ensure that farming is maintained in all regions;
18. notes that a great many farmers have a very low income that is below the poverty threshold, and that this contradicts the Treaty of Rome's aim of ensuring 'a fair standard of living for the agricultural community' (Article 39) and that it is necessary to make farming incomes more secure (prices, direct aid);
19. considers that CAP subsidies should only be provided to producers who are actually engaged in agricultural activity, and not to inactive farms that only generate a negligible agricultural income;
20. notes that, too often, farmers are forced to sell their products at prices that are below their production costs, leading to a spiralling reduction in costs and prices;
21. supports the conclusions of the EC Agricultural Markets Task Force of November 2016 and calls on the European Commission to propose a legislative proposal to fight unfair trade practices;
22. notes that the export of EU genetic resources, and animal breeds in particular, is contributing to the genetic erosion of important indigenous breeds, particularly in third countries, and contradicts UN Sustainable Development Goal 15 on preserving biodiversity, in particular genetic resources with food security implications;
23. believes that, as demonstrated by the CoR study on the Market Responsibility Programme in the dairy sector, market regulation is for many sectors more effective and less costly than the retroactive triggering of crisis measures and would therefore enable the CAP budget to be put to better use;

⁽¹⁾ Opinion of the European Committee of the Regions on Supporting young European farmers (OJ C 207, 30.6.2017, p. 57).

24. considers that income insurance schemes could benefit insurance providers rather than farmers and prove expensive for taxpayers in the event that prices fell sharply, without addressing price volatility. A study should be carried out and an assessment made of the insurance regime introduced in the United States; the specific case of outermost regions, which are subject to particular market conditions, should be examined;
25. considers that there is a need for a clear and stable legislative framework which guarantees arable and livestock farmers the legal certainty they need to be able to make economic decisions in the medium and long term;
26. stresses that the EU, which is now the world's largest importer and exporter of food, has increased its dependence on third countries and developed a trade policy that contradicts its aim of reducing greenhouse gas emissions;
27. notes that an increasing proportion of those agricultural products that were previously produced in Europe are now imported from countries with low labour costs, which puts EU food products at a substantial competitive disadvantage in terms of price;
28. notes also the positive aspects of EU exports for the economy, in terms of agricultural and food products with high added value, which create income and employment in the European agriculture and agri-food sector;
29. notes that cooperatives and producer organisations and the integration of producers in certain forms may play a key role in the agri-food sectors, allowing the farmers to concentrate supply, reduce costs, provide a number of services and strengthen their position in the food chain;
30. notes that EU exports of surpluses (milk powder, chicken, tomato purée, etc.) at prices below the cost of production in Europe and in Africa reduce the productive capacity of African countries and encourage rural populations to emigrate, contrary to the EU's commitment to take account of the Sustainable Development Goals (SDG) adopted by the United Nations in 2015 in its 'policy coherence for development'; also observes that the European Union is the biggest importer of foodstuffs from developing countries, creating jobs in the agri-food sector in these countries; notes however that European imports (fruit, vegetables, lamb, etc.) at prices below the cost of production in Europe reduce productive capacity in the EU and may entail food security risks;
31. notes that agricultural prices in Europe are increasingly linked to the price of the lowest bidder on the world market and that European farmers are therefore subjected to greater competition, despite the fact that they must comply with more stringent environmental and health standards;
32. stresses that the added value of agricultural production has been largely extracted upstream and downstream, with the position of agricultural producers vis-à-vis agro-industry and distribution being in many cases too weak; improved coordination along the chain between the agricultural sector, the agri-food industry and the commercial sector must lead to improved distribution of profit margins;
33. notes that rural areas are falling behind urban areas and that this gap is all the more worrying as it is still growing, partly because the development of big cities and capitals is picking up pace⁽²⁾;
34. regrets the accelerated loss of biodiversity on farmland and in the wild, which threatens the resilience of our agricultural systems and natural areas;
35. is concerned that erosion and soil degradation due to unsustainable farming practices put the fertility of the soil at risk, and that the increasing encroachment of urban areas onto farmland takes up the space that is needed to maintain food security in Europe;
36. takes note of the agricultural pollution of certain water tables and rivers, as well as the occasional overuse of these waters for irrigation purposes;
37. stresses that global warming is already having a significant agricultural impact, which makes it all the more urgent to redirect production methods;

⁽²⁾ 'Investment for jobs and growth. Promoting development and good governance in EU regions and cities — Sixth report on economic, social and territorial cohesion', European Commission, 23 July 2014.

38. highlights the need to invest in digital innovation which can have a positive impact on issues such as sustainability, food safety, resource efficiency, waste reduction and short supply chains, etc.; at the same time, points out that the economic and social effects of such developments with regard to family farming must be carefully studied; and is concerned about the potential use of big data by private companies, which may result in farms being placed under technical and financial supervision;

39. notes that the decision of the United Kingdom to leave the European Union is likely to lead to a reduction in resources for the CAP as well as a loss of EU markets in the UK; calls on the United Kingdom and the EU to maintain close trade cooperation in the sphere of agriculture and food;

40. points out that the share of the EU budget devoted to agriculture — despite being only 0,7 % of European GDP in 2014 — is just enough to build a genuine common European policy that is of strategic importance for food security, but that, where rural development and the second pillar are concerned, the resources are not enough in some spheres, and the CAP's new objectives should therefore be taken into account in the future budget;

41. rejects the idea of co-financing for the first pillar of the CAP, which would undermine the position of the CAP as the sole integrated EU policy, effectively renationalising it, and would put at a disadvantage farmers in the poorest EU countries who are the most dependent on EU funding;

42. notes that the cost to public health of certain diets that cause obesity, diabetes, etc., and certain agricultural practices (overuse of antibiotics in some livestock farms, cocktails of pesticides, etc.) is much higher than the CAP budget; points out that closer coordination of agricultural and food policy is needed;

43. recommends raising awareness about and encouraging the consumption of foods which are part of a healthy diet, such as the Mediterranean diet, through specific programmes that support wine, fruits and vegetables, and apiculture, while also improving the quality and added value of these products;

44. bears in mind the specific features of the outermost regions; given that transposing the European farming model to these regions would not work, Article 349 of the Treaty on the Functioning of the European Union (TFEU) expressly allows the Council to adopt specific provisions for adapting EU legislation, including the CAP, to the outermost regions' circumstances. Here, the post-2020 CAP should retain the differentiated treatment for the outermost regions, by means of necessary adjustments to the EAFRD, POSEI, state aid and other instruments that may be introduced;

II. POLICY RECOMMENDATIONS

45. proposes that the future European agriculture policy after 2020 should be structured around the following objectives, which are widely shared:

- a) continuing to be viewed as a key policy for the European project;
- b) pursuing the objectives set out in the TFEU and being endowed with an adequate financial package;
- c) developing sustainable and prosperous agriculture anchored in the diversity of rural areas;
- d) guaranteeing the food security of the European population at fair prices;
- e) providing a healthy, nutritious, varied and high-quality diet, promoting the development and consolidation of local chains and paying particular attention to social solidarity and to measures preventing food waste;
- f) applying the principles of the circular economy and the bioeconomy to permit economically profitable activity in rural areas;
- g) stabilising markets and strengthening the position of farmers on the markets;
- h) ensuring a fair standard of living for farmers, in particular through a fair and sufficiently stable income;
- i) guaranteeing the renewal of the largest possible number of farms, which underpin the dynamism of rural areas, and supporting young farmers in particular;
- j) guaranteeing access to funding, knowledge transfer, vocational training and fewer administrative obstacles;

- k) not destabilising the agricultural economies of third countries;
 - l) ensuring that all agricultural production methods are based on practices that take care of the health of both farmers and consumers, while also protecting agricultural genetic resources and the environment, including the aquatic environment, by enhancing biodiversity both in the wild and on farmland, and that uphold animal well-being and reduce global warming;
 - m) maintaining and protecting agricultural soils over time in quantitative terms by resolutely tackling the soil consumption rate, and improving its quality, fertility and biodiversity by promoting appropriate agricultural practices;
 - n) promoting products of designated origin (PDO, PGI) or other quality systems that would generate added value for the chain and the area, making it possible to keep local production systems alive and contribute to promoting rural identity and cultural and gastronomic heritage;
 - o) distributing the public funds of the common agricultural and food policy (CAFP) more fairly among farms and Member States according to objective, non-discriminatory criteria, based on their ability to contribute to the EU's sustainable development objectives, (including accelerating the equalisation of direct payments across the Member States);
 - p) applying the proportionality principle to the monitoring system to which farmers are subject;
 - q) strengthening the second pillar of the CAP, which aims to improve living conditions in rural areas and to improve the competitiveness of rural areas as a whole;
 - r) promoting economic, social and environmental development of all rural areas;
 - s) addressing the challenge of depopulation and ageing across many rural areas as a consequence of the lack of living and working opportunities, especially for young people and women;
46. notes that the complexity of the CAP makes it difficult, or even risky, for individual entrepreneurs and farmers to apply for subsidies. and that simplification is necessary to ensure the continued acceptance and attractiveness of the CAP. The process should be simplified and accelerated, including by streamlining paperwork, for low-value transactions in particular;
47. hopes that the CAP budget will be kept at a sufficiently high level, consistent with the principles set out in the EU treaties and with its status as the only integrated EU policy, to meet the needs of European agriculture and of rural areas and communities and to respond to the demands made by society;
48. notes that many of the challenges mentioned above concerning climate, energy, food production and biodiversity can be tackled by the agricultural sector. However, it will be necessary to provide financial support for technical initiatives and innovative solutions, both entrepreneurial and cooperative, in order to speed up the transition;
49. draws attention to the need, regarding direct and area payments, to concentrate resources particularly on small and family-run farms, while for large farms affected by the capping of aid the priority should be financial solutions;
50. calls on the European Commission to carry out a detailed assessment of the results of the current CAP when it comes to applying the objectives assigned to it in the EU Treaties in terms of agricultural income and market stabilisation;
51. recommends tackling the volatility of agricultural prices, providing market-driven income opportunities for farmers and making food chains fairer ⁽³⁾;
52. calls, on the basis of Article 349 of the Treaty on the Functioning of the European Union, for the treatment accorded to agriculture in the outermost regions under the POSEI scheme to be maintained, in accordance with the view expressed by the European Commission in its report to the European Parliament and the Council of 15 December 2016 (COM (2016) 797);

⁽³⁾ Opinion of the European Committee of the Regions on Regulating price volatility of agricultural products (OJ C 185, 9.6.2017, p. 36).

53. calls for increased support for vineyards, olive groves and livestock farming on steep slopes or mountains, disadvantaged, low-yield areas and outermost regions, and for types of agricultural management that help to improve the biodiversity of mountain meadows and pastures;

54. calls on the EU to use its influence as the world's largest food importer and exporter to change the international agricultural trade rules introduced in 1994 (WTO) so as to encourage greater fairness and solidarity in trade relations; notes that volatility is a challenge for European agriculture and urges the European Commission to consider measures to mitigate risks arising from increased exposure to the world market;

55. thinks that an approach in which agricultural revenue is based more on the market than on subsidies can bolster the economic recognition of the job of farming, making it more attractive; to this end advises the EU to regulate its agricultural markets so as to prevent surpluses and shortfalls and stabilise agricultural prices at satisfactory levels;

56. proposes that an annual precautionary savings fund be introduced, to be carried over to the following year if it is not spent in its entirety⁽⁴⁾;

57. calls on the Commission to guarantee fair conditions in bilateral trade agreements and partnerships entered into with third countries; to this end, views the duty to stop exporting agricultural and food products at prices below the average production costs in Europe as a result of public aid as being connected to the right to protect the EU from cheap imports that frustrate its production capacity or do not meet European production standards;

58. underlines the importance of short regional and local chains, both because they are more environmentally sustainable as they generate less pollution from transport, and because they promote farming that showcases local quality, tradition and economic and cultural heritage;

59. calls on the EU to revamp the agriculture sections of bilateral 'free' trade agreements and economic 'partnerships' with third countries. These agreements should have adequate resources and priority should be given to labour-intensive family farms, with a focus above all on local and regional markets and short supply chains; also calls on the EU to properly reflect the interests of its agriculture sector in trade agreements, in order to minimise the threats for European production, by identifying a strategic list of products which may be vulnerable to excessive pressure; requests that such products which may be sensitive to liberalisation are given appropriate special and differential treatment in trade agreements;

60. suggests that a review should take place of EU competition law so as to allow all stakeholders in a given sector, including consumers and public authorities, to decide on a fair distribution of the added value and profit margins along the value chain and to allow farmers to move towards a fairer position in the food chain and to strengthen their position on the market;

61. calls for a review of EU law on awarding public contracts in the mass catering sector, incorporating a locality clause for food supply; also calls for a greater exchange of good practices between local and regional authorities, with a view to promoting local food supply, a local market for organic farming products, and small-scale processing that provides rural jobs;

62. calls for research funded by the EU budget and the EIB on agricultural and rural cooperation to be geared in particular towards the following aims:

- a) the sustainable efficiency of production processes and farms;
- b) high-quality and environmentally-friendly production methods; agroecology;
- c) restoring degraded agricultural soil fertility and biodiversity;
- d) social innovation in rural areas: local public services for agricultural production methods, small-scale processing and local distribution of agricultural products;
- e) technical innovations that increase the autonomy and resilience of farms;

⁽⁴⁾ CoR Opinion (OJ C 185, 9.6.2017, p. 36).

- f) sustainable forest management;
- g) farming practices aimed at combating climate change;
- h) animal welfare and sustainable solutions for plant and animal diseases;
- i) technological applications for on-the-spot-checks aimed at simplifying methodologies and making them more effective;

63. calls for a switch from a direct payments per hectare approach to one based on direct payments per hectare capped and modulated per agricultural worker — understood as an active farmer — in order to:

- a) maintain and develop agriculture in agro-climatically disadvantaged areas, including mountain areas, which have higher production costs or have a geographical disadvantage, such as the outermost regions;
- b) support small family farms often with a production volume too low to secure a sufficient income from farming, but which play an important role in revitalising rural areas, emphasising that greater support for the first hectares is crucial to small farms, especially in mountain areas;
- c) support the setting-up of young farmers;
- d) in all regions, support the gradual transition towards production methods that are: more resilient, more autonomous, lower-input, free from chemical pesticides and that protect health; and which: reduce global warming, promote biodiversity, improve water quality and respect animal welfare;
- e) reinforce the development of organic farming;
- f) boost agriculture in areas with high environmental value;
- g) support utilisation of indigenous breeds and varieties to support high added value artisan and specialist food products;
- h) support the development of high-quality regional chains with high added value;

64. calls, as part of greening, for environmental measures and aid for environment- and climate-friendly practices to be gradually reinforced by means of:

- a) crop rotation, including of leguminous plants, in order to make EU livestock less dependent on plant protein imports and reduce nitrogen fertilisers, which are energy-intensive as well as being major producers of greenhouse gas emissions;
- b) upholding the ban on ploughing permanent grassland, in order to encourage biodiversity and carbon sequestration in the soil;
- c) maintaining ecological focus areas in which the cultivation or use of plant protection products is prohibited, to help prevent biodiversity loss, but allowing limited extensive grazing, which helps to enrich the soil and is of benefit to livestock farmers;
- d) the availability of specific instruments to prevent risks related to climate change;
- e) the introduction of compensation aid, easily accessible and serving to incentivise additional commitments in Natura 2000 areas that have additional commitments related to biodiversity, in high nature value areas and in areas where protected large predators are present;
- f) other greening measures at regional level;

65. recommends that any award of direct payments to an undertaking that has not respected the social standards in place in its Member State should be reduced, in order to protect the rights of agricultural workers;

66. calls for a strengthening of the second CAP pillar and an increase in rural development budgets; also calls for a greater degree of subsidiarity enabling Member States to transfer funds from the first to the second pillar;

67. draws attention to the great contribution made to achieving CAP goals at local and regional level by Community-led Local Development (CLLD) and the LEADER method and therefore recommends that up to 20 % of funds earmarked for the implementation of the second pillar be spent on this under national and regional programmes implementing the CAP;

68. reiterates that the Member States and regions should be given more power to regulate farmland and set restrictions to that end, particularly to tackle Europe's land-grabbing and concentration phenomenon, which is limiting young farmers' options with regard to setting up a farming business⁽⁵⁾;

69. calls for a sufficient share of funds to be set aside for the development of rural areas, by boosting the European Agriculture Fund for Rural Development (EAFRD), to ensure the harmonious and integrated development of these areas, including the provision of local infrastructure; supporting SMEs, village renewal and wider economic diversification;

70. recommends that the EU pay special attention to the outermost regions, where the farming sector is fundamental for job and wealth creation as well as for boosting the development of the agri-food industry, research and innovation, steps to safeguard and promote high quality areas of land subject to spatial planning, and efforts to combat climate change;

71. proposes that the second-pillar funds should be primarily aimed at:

- a) bringing farmers and consumers closer together by means of short supply chains;
- b) support for farmers whose production methods go above and beyond the minimum environmental standards, so as to encourage farming with a high ecological value;
- c) support for the development of environmentally-friendly cultivation techniques, while also maintaining ecosystems of high environmental value and encouraging afforestation of land as a carbon sink;
- d) support for the promotion of innovation and research in favour of more sustainable production and processing methods;
- e) the adaptation of farmers to the markets (e.g. information and advisory services, farm management services, training, etc.);
- f) support for sustainable modernisation of agricultural product processing chains, developed alongside production chains, in a way that does not harm the environment or consumer health and which ensures a fair distribution of added value;
- g) initiatives promoting farmers who set up cooperatives or producer organisations;
- h) risk management advice to address climate and health contingencies;
- i) sustainable investment to adapt the products of family farms to match consumer demand;
- j) support for sectoral development that has an official agricultural quality label;
- k) small-scale processing of local agricultural products;
- l) caterers being supplied with organic and local products;

72. proposes shifting from a 'service desk' approach to a 'contract' approach between specific types of farms, sectors and areas; starting with a few objectives (quality, productivity, sustainability), proposes supporting innovation projects designed to this end and capable of producing a significant impact on jobs;

Synergies between EU funds for rural development

73. proposes strengthening EU financial support for rural development, which has decreased significantly in comparison with the previous programming period, while maintaining sufficient funds available under the first pillar;

⁽⁵⁾ Opinion of the European Committee of the Regions on Supporting young European farmers (OJ C 207, 30.6.2017, p. 57).

74. proposes substantial, robust support for sustainable investment in maintaining family farms, with regard in particular to production, distribution and diversification;

75. recommends adopting a rural strategy enabling all EU policies to make a greater contribution to innovation and cooperation in, and the development of rural areas in line with territorial cohesion goals ⁽⁶⁾;

76. proposes making it easier to pool the various funds aimed at non-agricultural rural development so as to support:

a) local initiatives for developing rural employment;

b) vocational training in rural professions;

c) technical and social innovation for a society that is post-carbon, digital, circular and user-friendly;

d) appreciating the economic, ecological and recreational value of forest areas;

e) promoting partnership and alliances between the agricultural sector and managers of protected areas;

f) closing the rural digital connection gap;

g) maintaining and developing local public services;

h) maintaining and developing attractive landscapes and villages;

i) rural tourism;

j) developing local, small-scale, renewable energy sources;

k) small-scale, local public investments geared to improving the quality of life of rural communities and the viability of undertakings, at least in regions that are lagging considerably behind compared with the average for all Member States;

77. also advocates making use of the broader potential of agricultural and forest areas — particularly peri-urban areas — for economic, ecological, climate, energy and recreational purposes, such as local food and energy production and rural tourism. This means that the CAP needs to target not only farmers. The LEADER initiatives provide opportunities for rural and peri-urban players to collaborate and innovate, and this must continue;

78. calls for a thorough assessment of the Structural Funds supporting the development of rural areas and promoting comprehensive policies to boost these areas by improving connectivity in terms of both transport and digital broadband, balanced with environmental protection, by means of the 'rural proofing' mechanism recommended in the Cork 2.0 Declaration ⁽⁷⁾;

79. stresses that balanced territorial development must provide adequate support for rural and peri-urban areas in the hinterland, as well as disadvantaged areas (e.g. mountainous, border areas or other areas with natural or demographic challenges), in order to secure the necessary investments in growth, jobs, social inclusion and environmental sustainability;

80. calls for the improvement of rural-urban links, whereby smaller towns and rural municipalities are fully involved, so that EU policies do not encourage a competitive relationship between urban, coastal and rural dimensions;

81. welcomes the European Commission's Smart Villages initiative, and the European Parliament's part in the success of the process, and proposes that this concept be extended to Smart Rural Areas; also asks to be able to play as big a role as possible in discussions on establishing a local and regional framework for action in connection with this initiative;

⁽⁶⁾ European Committee of the Regions opinion on Innovation and modernisation of the rural economy (OJ C 120, 5.4.2016, p. 10).

⁽⁷⁾ Cork 2.0 Declaration on A Better Life in Rural Areas, European Commission, September 2016.

82. insists on the need to continue to harmonise the Structural Fund operating rules by means of the common strategic framework so as to facilitate the design and management of rural development programmes and promote integrated and place-based approaches ⁽⁸⁾;
83. suggests developing the lead fund approach in order to standardise the management of projects financed from more than one fund;
84. suggests that a discussion be held on reconciling the various non-agricultural regional development funds.

Brussels, 12 July 2017.

*The President
of the European Committee of the Regions*
Markku MARKKULA

⁽⁸⁾ OJ C 120, 5.4.2016, p. 10.

Opinion of the European Committee of the Regions — Next steps for a sustainable European future — European action for sustainability

(2017/C 342/03)

Rapporteur: Franco Iacop (PES/IT), President of the Regional Council of the Autonomous Region of Friuli Venezia Giulia

Reference document: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Next steps for a sustainable European future — European action for sustainability

COM(2016) 739 final

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR)

Introduction

1. Welcomes the European Commission's commitment to making an active and constructive contribution to reaching the strategic objectives set out in the 2030 Agenda, paving the way for tackling a number of key and integrated global challenges;
2. notes that the planning document, adopted as a communication by the Commission on 22 November 2016, proposes a very ambitious and wide-ranging strategy which focuses on sustainable development;
3. acknowledges the Commission's efforts to link the Agenda with the Europe 2020 Strategy and thereby with the European Structural and Investment Funds; given the complexity and the multitude of different reference frameworks, underlines the need for policy coherence, mainstreaming and a consistent governance framework;
4. highlights that in order to achieve results it is essential to involve all levels of government in the decision-making process, particularly local and regional authorities (LRAs);

General comments

5. notes that, as the policies of the European Union (EU) must comply with the principle of subsidiarity, the sustainability objectives are directly related to the responsibilities, competences and functions of subnational levels of government;
6. insists that local and regional authorities — regions, provinces, counties, districts, metropolitan cities, small cities and municipalities — are fully-fledged policy-makers, tasked with identifying the most appropriate levels and methods of government for linking the overarching EU and UN objectives with those of local communities;
7. stresses that out of the 17 Sustainable Development Goals, two require local governments to perform key tasks, namely SDGs 10 and 11. The former aims to reduce inequalities between territories, while the latter relates to carrying out essential functions in the areas of urban planning, transport, social welfare and sustainable lifestyles;
8. points out in this context that the Communication does not examine the need to measure progress on attaining the SDGs, either at UN, European and national level or at subnational level; calls therefore on the European Commission to bear this dimension in mind when developing further the indicators used to measure progress and to involve local expertise and existing networks;
9. highlights the additional priorities stemming from the integrated performance of functions with a cross-cutting impact on other strategic objectives, such as the Urban Agenda, social inclusion, EU climate and energy policy, emissions reductions, disaster risk reduction, environmental policy, the circular economy, mobility, smart specialisation and smart cities (smart lands), the subject of the Bratislava summit and the Covenant of Mayors on climate and energy;

10. proposes capitalising on the mid-term review of the Multiannual Financial Framework (MFF) in order to ensure overlap between the 2030 Agenda and Europe 2020, by reviewing the key guidelines and gearing them to the new SDGs from the outset;

11. welcomes the efforts made in the working document accompanying the Communication on *Key European action supporting the 2030 Agenda and the Sustainable Development Goals* (SWD (2016) 390 final) to align the Europe 2020 Strategy with the objectives of the 2030 Agenda, building on the connections between the three pillars, the seven flagship initiatives, the five objectives linked to the Europe 2020 priorities and those linked to the eleven thematic Cohesion Fund objectives;

12. stresses that in any event, if they are to be achieved, the objectives set out by the Commission in its communication on a sustainable European future will all have to be deployed locally. In this regard, recommends embedding the Agenda 2030 objectives at local level, as this is the only way of making a real and lasting impact on people's lives;

13. agrees with the fact that the complexity of different levels of government calls for guidance and monitoring, bringing the benefits of policy evaluation and institutional innovation (measuring the effects) to the decision-making process;

14. takes the view that some of the linkages between the Juncker Commission's priorities and the SDGs are in areas of significance for LRAs. This is especially the case with the employment priority, in that it covers the same competences as those referred to in SDG 4 (training and education), an area where local and regional bodies exercise considerable powers, especially where the costs of transition to a sustainable Europe are concerned;

15. hopes that the Commission's Investment Plan also covers tangible and intangible assets within the remit of local and regional bodies (social protection, IT, mobility, energy and telecommunications networks, waste disposal, integrated water management, etc.), many of which dovetail with various SDGs (including Nos 8, 9, 12 and 13);

16. points out that Commission priority No 3, *A resilient Energy Union with a forward-looking climate change policy*, also interfaces with a range of SDGs in an area of interest to LRAs. The same applies to SDGs 5, 7 and 13, where LRAs are both beneficiaries and protagonists in policies designed to combat climate change, as well as those designed to ensure a sustainable, universally accessible energy supply and to protect social rights, which rely on services provided at local level if they are to be guaranteed;

17. notes that priority No 7, which aims to create an area of justice and protection of fundamental rights based on mutual trust, includes policies on gender equality, in which LRAs can play a significant role, fully commensurate with SDG 5 as well as the need to win back people's trust in the European institutions;

18. reiterates that disaster resilience is one of the key aspects of sustainable development and calls on the institutions of the European Union to ensure that this principle is one of the central pillars of future sustainable development measures in Europe ⁽¹⁾;

19. notes that priority No 8 seeks to tackle migration on an unprecedented and global scale, bringing it fully into line with SDGs 1 and 10 and involving many cross-cutting LRA competences, which are very often under immense pressure to manage migratory flows of an exceptional nature;

Specific comments

20. observes that, in contrast to Cohesion Policy, it may not always be possible to place the action taken to achieve the SDGs in a framework of integrated policies. It is therefore vital to set priorities that correspond to the most pressing needs, adopting a dynamic approach in the interests of attaining all the objectives in the long-term. It is thus essential to take account of the CoR's proposal on the need to approve a code of conduct for the involvement of LRAs;

⁽¹⁾ COR 5035/2016; COM(2016) 739 final.

21. points out that the objectives, require a balance to be struck between current needs and those of future generations, as well as between the needs of the different levels of government. The latter is essential for reducing burdensome transition costs to be shouldered by LRAs. If costs are not sustainable this may pose a threat to the public acceptance and effective implementation of the measures in question, in particular threatening the ability of more marginalised (internal) areas to contribute to global sustainability and more generally to the durability of the SDGs;

22. notes the time mismatch between European (2020) measures referred to in the communication and the 2030 Agenda, while hoping that additional economic and financial instruments will be made available and that the objectives will be redefined throughout the entire duration of the reference timeframe, in line with those of the Agenda;

23. regrets that the communication does not include an assessment of potential risks in the implementation phase of the 17 SDGs. This could be of great assistance in equipping LRAs with appropriate tools to deal with any problems that crop up in the course of implementing policies related to the goals. Ensuring that all indicators are geared to the local level is crucial for ongoing monitoring of trends in inequality — including through the use of indicators other than GDP, such as qualitative indicators capable of measuring the fairness of development and social progress in the regions;

24. highlights that if a subset of local and regional level objectives is to be achieved, it will have to be properly funded. The necessary resources could be made available by means of specific transfers from the national level, but also by conferring greater budgetary powers on local bodies;

25. believes that there is a need to promote platforms and initiatives that allow LRAs to share good practices and make use of know-how already made available by established bodies, such as the UNDP Live Sustainable Development Knowledge Platform, to prevent the Agenda from being used as an opportunity to recentralise policies. To this end, the CoR looks forward to the launch of the multistakeholder platform announced by the Commission in order to facilitate the roll-out of the universal elements contained in the Agenda at local and regional level, and, above all, to promote the exchange of good practice and the sharing of progress made by the most dynamic European regions; expects to be associated to this platform in the appropriate manner in its institutional role as the assembly representing local and regional authorities;

26. recognises that improving living conditions in the EU will depend, in addition to our ability to strengthen economic, social and territorial cohesion, on well-being and security in the neighbouring countries. In this respect, in line with the new approach set out in the Commission's communication on a new European Consensus, strongly urges stepping up support for decentralised cooperation with and development of third countries, by promoting the use of LRA platforms for information and discussion on development: the Euro-Mediterranean Regional and Local Assembly (ARLEM) and the Conference of Regional and Local Authorities for the Eastern Partnership (CORLEAP), the biennial Assises of decentralised cooperation and the atlas of decentralised cooperation, which provide partner countries with the opportunity to meet, talk and exchange good practice;

27. endorses the Commission's position on the Urban Agenda for the EU adopted with the Pact of Amsterdam in 2016, which will be implemented in cooperation with LRAs in order to cover all aspects of sustainable development and contribute to the implementation of the global New Urban Agenda;

28. deems it necessary for strategies in support of sustainable urban development and horizontal and vertical cooperation, within a participatory governance system, to take account of the diversity of cities and of the importance of social innovation and future-oriented planning, by employing an integrated and coordinated approach, particularly when addressing key challenges with the aim of improving quality of life in cities;

29. recommends analysing the 2030 Agenda to ensure that its objectives are consistent with the European development model, based as it is on local production systems (clusters), comprised mainly of SMEs. To this end, hopes that the development models also pay particular attention to the development of smaller urban centres, as an excessive concentration of local and regional development can end in the trap of underdevelopment, which, in turn, may result in marginalisation and population decline;

30. values the fact that the communication highlights the various facets of sustainable development — social, environmental and economic — as pillars upon which the Commission's policies must converge in order to provide solutions in relation to the Sustainable Development Goals and the 13 sectoral policies adopted under the 2014-2020 MFF. Believes, however, that in the face of new global challenges, local development must be given a boost by adding a local and regional dimension;

31. emphasises that LRAs must be recognised as key players in policies, due to their proximity to citizens and their potential to contribute to rebuilding consensus on the European institutions and the European project. Multilevel Governance is the ideal approach for policies that aim to build a sustainable future and combine the 10 Commission priorities with the 11 thematic goals of the Cohesion Funds and the 17 SDG goals of the 2030 Agenda.

Enhancing the impact of policies under the social pillar

32. reiterates that centrally-managed, top-down policies and programmes are not the best methods to address the complexities of sustainable development and to tackle poverty. Instead, LRAs should be given the responsibility and autonomy required to respond properly to major social issues;

33. stresses the need to strengthen policies enshrined in the Charter of Fundamental Rights of the European Union with sustainable social policy planning that involves all tiers of governance. This is the only way to ensure access for all to basic services and permit a response to new demands posed by demographic change using local policies geared to facilitating active and healthy ageing;

34. highlights that the Commission should work towards policies that aim to promote people's health as a prerequisite for social inclusion, improving living conditions in urban and suburban areas, as well as guaranteeing access to public services, recreational activities and sport — including for disabled people — and promoting preventive healthcare for all, including older people, migrants and other demographic groups that are at risk of poverty and social exclusion; encourages Member States and local and regional authorities to do the same;

35. considers the potential of the social economy to be in creating jobs and tackling unemployment among young people and women. It is therefore essential that the Agenda draw attention to Corporate Social Responsibility (CSR), the need to create empathy among young people and entrepreneurship. Moreover, the new strategy must — by adopting a cross-cutting approach — include the different facets of sustainability and the new prospects offered by creativity;

36. considers it necessary to include culture in the 2030 Agenda, clearly underlining the role that it plays in relation to sustainable development and job creation by furthering the construction of shared European ideals to be disseminated worldwide: the aspirations and principles of democracy, social justice and solidarity. Culture contributes effectively to inclusive development strategies and has a considerable impact on SDGs and improving education systems by fighting social exclusion and poverty, removing the causes of inequality, facilitating equal opportunities and dismantling generational and demographic disparities;

Enhancing the impact of policies under the environment pillar

37. stresses that seemingly global issues, such as climate change, reduction of CO₂ emissions, energy saving, renewable energy production, protection of biodiversity, reduction of resource exploitation, integrated transport and the circular economy, are actually conditioned by local policies and action. To this end, recommends that particular attention be paid to environmentally-friendly production;

38. considers it necessary, given the wide range of sectors involved, to adopt an integrated and cooperative approach between multilevel governance and the environmental stakeholders concerned. In this respect, the concept of cohesion builds bridges between economic effectiveness, social cohesion, cultural development and environmental balance, putting sustainable development at the heart of policy-making;

39. agrees that human activity and climate change are putting increasing pressure on marine ecosystems. As such, consideration should be given to the measures taken by the Commission to make the oceans safe and clean, to ensure that they are managed in a sustainable manner and to support the implementation of the Blue Growth Agenda, which aims to capture the potential of Europe's oceans and seas to create jobs, economic value and sustainability. Furthermore, reiterates that innovation in the blue economy can help in ensuring an efficient and sustainable use of precious marine resources ⁽²⁾;

40. calls for a commitment on the part of all the institutions to minimise food waste and to recover waste, thereby driving investment and employment in the wider context of the *green economy*. The EU must make a firm commitment to discarding the linear economic model in order to boost the circular economy, as highlighted previously by the CoR in its opinions *Towards a circular economy: review of EU waste legislation, Legislative proposals amending the waste directives* and *An EU action plan for the Circular Economy*;

Enhancing the impact of policies under the economic pillar

41. takes the view that development models, shaped by new competitive factors, including networks interconnecting an infinite quantity of data with an unlimited number of users, reflect a clear disconnect between the need for businesses to reduce the time to market and the time spent on consensus-building and bureaucratic formalities. LRAs are the appropriate level to bring policy decision-making up to the speed dictated by the markets;

42. calls for real support for development models and, in particular, support for intangible networks that influence new local competitive factors and the transition to new production models by facilitating access to an infinite number of data;

43. thinks it is high time to develop strategies that activate structural policies so that the core development pillars embrace the radical change in the production model, favouring sustainable production — including with incentives — until innovation makes the transition to the circular economy economically viable. It is clear that such policies not only help to overcome the onerous new challenges posed by globalisation, but also constitute a clear response to the trade-off between social demands that pit the environment against jobs;

44. recognises that globalisation, driven above all by improved mobility of persons, products and data, is fuelling international competition not only between firms, but also between regions. Resolute action is therefore needed to address the factors determining regional competitiveness, such as social and institutional capital, infrastructure and innovation, in order to revitalise European economies;

45. reiterates that LRAs have a crucial role to play in the relationship between public-private partnerships, as they are able to recognise the diversity of forms of development able to generate investments that make the most of the local resources inherent in each region;

Enhancing the impact of policies under the territorial dimension pillar

46. regrets that the concept of 'territorial capital', as defined by the OECD in 2001 and taken up by the Commission in 2005, is completely missing from the Commission communication. By way of a reminder, the concept refers to a set of local assets — natural, human, artificial, organisational, relational and cognitive — representing a region's competitive potential;

47. notes that the crisis and the effects of globalisation have had a profound impact on relations that guaranteed cohesion between the territories, creating rifts (between city and countryside, centres and peripheral areas) and altering the dynamics of societal development. With this in mind, we must bear the cost of transforming old territorial policy models, characterised by a functional approach which considered the area simply as a space, into a new institutional matrix granting the regions the role of collective player;

48. The Pact of Amsterdam places the role of urban policies that aim to implement measures to boost social cohesion and economic development at the centre of growing interest, in the belief that cities can contribute positively to the process of innovation;

⁽²⁾ COR 2203/2012.

RECOMMENDATIONS TO THE REGIONAL AND LOCAL AUTHORITIES

49. highlights the fact that LRAs play a key role in protecting and developing urban environments, rural areas and the common heritage, and can make a contribution to what the 2030 Agenda describes as a 'transformed world' by being proactive and committed to:

- a. improving their own strategic management capacity;
- b. fostering a civil society that is aware and has high expectations;
- c. developing integrated urban and territorial planning;
- d. promoting local economic opportunities to create decent jobs and social cohesion;
- e. promoting regional sustainable development plans/strategies, linking the SDGs to policy objectives, and revising and adapting programmes so that they respond to the challenges of sustainable development, thereby contributing to the formulation of National Reform Programmes (NRPs);
- f. guiding the transition towards a low-carbon economy and towards resilient cities and regions;
- g. supporting the development of sustainable urban mobility plans;
- h. recognising and promoting the role of culture in sustainable development and enhancing the local heritage, creativity and diversity;
- i. encouraging economic, social and cultural stakeholders, universities and scientific research centres and individual members of the public to take part in designing plans and initiatives to meet the SDGs, in cooperation with the Joint Research Centre involved in the 'Science meets Regions' initiative;
- j. promoting educational programmes for sustainable development in schools and cultural activities which address the problem of sustainability;
- k. including 'fair and sustainable well-being indicators' in the regional law-making cycle and regional budgets;
- l. establishing partnerships in the context of decentralised cooperation for development;

50. recalls that LRAs are able to develop forms of participatory democracy, in particular through the inclusion of women, young people, older people and minorities, as a basis for planning and implementing integrated strategies for economic development at local level;

RECOMMENDATIONS AT NATIONAL LEVEL

51. advocates a bottom-up approach, establishing an appropriate legal framework and allocating sufficient resources. A new system of this kind can only be successfully created through ever deeper decentralisation in the various EU Member States. National governments should:

- a. promote shared governance and genuine decentralisation, which allows for the participation of all players involved not only during the upstream stages, but also in the downstream ones;
- b. design coherent, integrated urban and regional policies in consultation with subnational governing bodies, particularly when developing the NRPs;
- c. reorganise subnational financing arrangements to ensure that sustainability is matched by funding;
- d. involve local and regional bodies in the follow-up to the SDGs, backed up by precise regional data;

52. emphasises that national governments must involve the LRAs and cities, preferably through a bottom-up approach, in planning local activities to achieve the SDGs, taking into account strengths and weaknesses on the basis of the principles of 'no-one left behind' and efficient spending;

RECOMMENDATIONS AT EU AND INTERNATIONAL LEVEL

53. believes that if global policies and agreements are to reap the full benefit of local commitment and experience, LRAs must be an integral part of the structured dialogue and governance, and not a mere stakeholder. Their work in organising and producing informed input must be acknowledged as being part and parcel of the decision-making process by, for example:

- a. including organised networks of LRAs in the governing bodies of international development organisations;
- b. strengthening financing instruments and reviewing local sustainable development policies;
- c. encouraging decentralised development, including with non-EU countries, and sharing lessons learned and knowledge to foster innovation;

54. asks the EU and national authorities to set aside resources to cover ex ante and ex post impact assessments of policies relating to sustainable development. This will call for improved coordination of all policies implemented, both by the EU and Member States and by the LRAs;

55. calls on the Commission to use NRPs — which have already been formally included in the programming of the Cohesion Fund — in an even more strategic and operational manner, by making practical use of instruments that have already been adopted to support sustainable development. This would make it possible to highlight, within the European Semester framework, not only the reforms that are planned and promoted at national level to implement the SDGs, but also those relating to the local and regional dimension;

56. recommends that European and international levels of government coordinate the complex system of world relations, by keeping regional outbreaks of tension in check and supporting the transformation and restructuring of institutional and productive assets inherited from the last century. Local bodies should be granted the necessary powers to be able to transform fragile geo-economic balances into development opportunities to revitalise the competitiveness of local production systems on the global market.

Brussels, 12 July 2017.

*The President
of the European Committee of the Regions*

Markku MARKKULA

Opinion of the European Committee of the Regions — Migration on the Central Mediterranean route

(2017/C 342/04)

Rapporteur:	Hans Janssen (NL/EPP), Mayor of Oisterwijk
Reference document:	Joint Communication to the European Parliament, the European Council and the Council
	Migration on the Central Mediterranean route — Managing flows, saving lives
	JOIN(2017) 4 final

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR)

Introduction and context

1. recognises that this EU communication is an important element of broader EU policy reform. It has the added value of proposing concrete measures to complement the strategic guidelines of the council of 2014 in which European leaders agreed to offer a pathway for future policy development in the area of Justice and Home Affairs, including on immigration and asylum, in the coming years;
2. considers that, in such a sensitive and strategic area, the EU Member States and the European Union institutions should continue to shape a strategy for the region in the context of the latter's relations with the European Union and, as a consequence, a genuine migration policy, and assume political responsibility for its implementation in the interests of the peoples of Europe while taking into account the specific characteristics of the Member States and of the countries of origin, and the rights of migrants according to international and European conventions;
3. recognises that migration and development policies are closely linked. International, national, regional and local cooperation is crucial for making a common European migration policy a reality, and for implementing the European Agenda for Migration;
4. advocates the adoption of a holistic approach to the management of migration, allowing for more decentralised and efficient management of migration movements. This decentralised management will guarantee equal treatment and rights;
5. stresses the utmost importance of reducing the number of deaths at sea in the attempt to cross to Europe and the need to continue and expand efforts to rescue people in distress; expresses its deep sorrow for the hundreds of lives already lost and commends all the countries and organisations involved in trying to prevent this human tragedy⁽¹⁾; reiterates that the development of additional safe and accessible legal pathways for migration to the EU, such as humanitarian visas, resettlements and increased family reunification, must be part of the efforts to create a comprehensive and humane migration policy;
6. welcomes the additional measures that this Joint Communication has brought to strengthen initiatives along the Central Mediterranean migration route, including in and around Libya. In view of the high number of lives lost at sea and along the Central Mediterranean migration route, the question of managing flows and saving lives remains a top priority;
7. believes that multilevel governance is a prerequisite to achieving optimum results. In this framework, it is crucial that the EU, national and sub-national authorities work in close cooperation with local and regional authorities in the countries of transit and with civil society, migrants' associations and local communities in the host countries and are receptive to their input;

⁽¹⁾ CdR 5728/2014, Opinion on 'The efforts to promote genuine solidarity on a real European migration policy', rapporteur François Decoster (FR/ALDE).

8. underlines that the success of these actions requires close cooperation with the relevant partners in the countries along the Central Mediterranean route and concerted efforts by the EU institutions and Member States, as well as cooperation with international organisations such as the United Nations High Commissioner for Refugees (UNHCR) and the International Organisation for Migration (IOM). Warns that some of the proposed actions can only be successfully implemented if the situation on the ground allows for it. These actions should be seen as complementary to the substantial number of initiatives already being implemented by the EU and its Member States, notably under the European agenda on migration and the Migration Partnership programme⁽²⁾;

9. wishes to express its appreciation of the efforts made by Italy, Malta, Greece, Cyprus, France, Spain and Portugal, which have already connected their Eurosur national coordination centres for border surveillance to the Seahorse Mediterranean Network;

10. acknowledges that the Central Mediterranean route has become the dominant route for migrants and refugees attempting to reach Europe. Over 180 000 people were detected on the Central Mediterranean route in 2016, the vast majority of them reaching the continent via Italy. Almost 90 % of those on the route depart from Libya, where the unstable political and economic situation provides the opportunity for smugglers to expand their activities; stresses the urgent necessity to reduce the numbers of crossings and to stop dinghies and boats from leaving illegally to reach the EU. Underlines the importance of preventive actions at all level of governments;

11. notes that smugglers and traffickers themselves contribute to the instability in Libya by their actions and human rights abuses, increasing the vulnerability of migrants. Finding a lasting solution to Libya's governance and security challenges continues to be a key priority for the European Union, its Member States and international partners, as it is a prerequisite for sustainably managing the current situation;

12. observes that the majority of migrants in Libya are third-country nationals, with the largest proportion originating from sub-Saharan African countries. An effective approach therefore also has to take into account actions to the south of Libya;

13. underlines the added value of the measures announced in the communication: expanding training programmes for the Libyan Coast Guard, ensuring sustainable sources of funding to cover training needs in the future, taking firm action to step up the fight against smugglers and traffickers and providing incentives for the participation of Tunisia, Algeria and Egypt in the Seahorse Mediterranean Network to ensure sub-regional buy-in; underlines that in all these activities, the rebuilding of respect for fundamental human rights and the rule of law to the benefit of migrants and local populations must be a key priority;

The focus on Libya: needed but vulnerable

14. reiterates the need for serious engagement with the Libyan authorities to ensure that conditions in centres for migrants are improved, paying particular attention to vulnerable persons and minors, ensuring close cooperation with, and effective monitoring of the standards by, the International Organisation for Migration and the United Nations High Commissioner for Refugees;

15. welcomes stepping up work and engagement with Libyan municipalities to promote alternative livelihoods and support the resilience of local communities hosting migrants, as well as increasing technical cooperation so that Libyan municipalities can define development strategies for their areas and improve support services for the local population;

16. underlines the need for a medium- and long-term cooperation strategy to provide support and back-up for Libya's local and national authorities, enabling capacity building for managing their areas;

17. encourages promoting border cooperation, dialogue and exchange of information between Libya and its southern neighbours, including using the Africa-Frontex Intelligence Community to full potential;

18. notes that in undertaking joint actions with Libya, the risk that other routes could develop in neighbouring countries needs to be minimised; welcomes therefore a comprehensive regional approach by increasing cooperation with Egypt, Tunisia and Algeria, deepening dialogue and operational cooperation on migration with these countries. Further assistance

⁽²⁾ COR-2016-04555-00-00-AC-TRA, Opinion on the Partnership Framework with third countries on Migration, rapporteur Peter Bossman (SL/PES).

to these countries to develop their own functioning asylum systems and support to those in need of international protection is needed;

19. bearing in mind the different projects and programmes of the EU in the region, targeting interrelated matters, it is vital to coordinate these initiatives if they are to be efficient as part of steps to secure the above-mentioned goals;

20. notes that so far, the common EU response to irregular migration has taken the form of state-centred security approaches that mainly focus on combatting smuggling practices through collaboration with state authorities;

21. calls for greater attention to be devoted to the different local political economies involved in irregular migration. Actors involved include transport companies that facilitate the irregular movement of migrants, local populations that provide food and lodging to earn a living, local security forces that increase their income through bribery and road taxes, political elites that use the financial resources earned through the facilitation of irregular migration to buy political favours and influence, armed groups that feed off human smuggling and exploitation to strengthen their position, etc. Understanding these different actors and their relationship to local governance and stability/conflict dynamics, and ensuring they are involved in the discussion of strategies to stabilise and build a future for their country, is a necessary prerequisite for effective migration management;

22. therefore welcomes the suggestion that existing socio-economic support for municipalities along the migratory route could be reinforced, involving them in the implementation of strategies for enabling the local population to have better living conditions and as a consequence, better prospects for the future of their area;

23. stresses that properly designed migration policies could contribute to alternative livelihoods and higher quality institutions in the long term — thereby addressing some of the root causes of migration from within. To ensure such effective policy formation, current migration policies need to be reconciled with the fact that issues of governance and stability are at the root of trans-Saharan irregular migration;

24. reiterates that irregular migratory routes cross many countries in the region where state authorities are weak or absent. Libya is an obvious case in point. Several reports have shown that proceeds from illicit smuggling and trafficking empower irregular armed forces that operate as *de facto* authorities on the ground, enabling them to act as spoilers in the larger conflict resolution processes. Even in those cases where formal state authorities do still exist, collaboration with such actors in the fight against irregular migration is an inherently political enterprise that may end up entrenching the interests of state-aligned smugglers and irregular armed forces. In the midst of fragmented sovereignty, neutral interlocutors do not exist.

25. stresses that climate change and natural disasters can be factors leading to migration and displacement of people. Furthermore, calls for investment in building disaster risk resilience as a preventive action to tackle the root causes of migration;

Improving migration management in Libya

26. encourages continued efforts towards systematic engagement with the Libyan authorities, with a focus on border management, countering irregular migration and addressing the human rights and the needs of migrants in Libya, including developing, in cooperation with civil society, alternatives to detention of migrants which should only be used as a measure of last resort and only under conditions that meet international humanitarian and human rights standards. Training and logistical support on these issues should be an important element of capacity building programmes supported by the EU;

27. suggests exploring with UNHCR the feasibility of taking practical steps to resettle migrants in need of international protection from Libya to EU Member States and other international partner countries;

28. calls for reinforcement of the pilot initiative aiming at community stabilisation in areas affected by internal displacement and transit of migrants, including cooperation in the definition of strategies for their areas, aimed at ensuring human dignity in the country in which they live, inter alia by creating job opportunities for persons in need of protection,

which would have the added benefit of facilitating their acceptance by host communities; and also cooperation in steps to improve public support services and facilities for local populations, amongst other things;

29. advocates enhancing ongoing assisted voluntary returns from Libya to countries of origin, if the situation on the ground allows for it and in coordination with international partners, in particular the IOM;

Local governments: vital part of the solution

30. welcomes the recognition of local and regional authorities as important actors in solving and managing migration issues, saving lives and fighting crime;

31. reiterates that cities are lead actors on the stage of global migration, and are also most directly affected by its negative consequences. Local governments have immediate responsibility for the living conditions, successes and challenges of immigrants. Local governments can succeed where many national governments are challenged and even fail ⁽³⁾;

32. underlines the role of local authorities in countries of origin, transit and destination in migration policy, especially in relation to integration and social cohesion. Local authorities are clearly in the front line in addressing migration challenges, given their mandate, their presence 'on the ground' and their experience in handling the day-to-day realities of increasingly diverse societies. After all, migration is an area of shared competence that is managed at every level — EU, national, regional and local. At the same time it is important to take local and regional situations into account so as to ensure that reception of migrants is as good and sustainable as possible and that migrants therefore integrate successfully;

33. believes that the EU should make the most of the potential and experience of the regions that make up its southern sea border — both in the Mediterranean and the Atlantic — as special links in developing mutually beneficial relations with third countries;

34. underscores the need to strengthen local communities in particular in Libya, in line with the Malta Declaration by the members of the European Council on the external aspects of migration ⁽⁴⁾ and supports therefore projects such as the Nicosia initiative; calls on the European External Action Service and the European Commission, in cooperation with the CoR and association of local or regional governments, to explore the possibilities for similar projects in other countries;

35. recognises the added value of the Nicosia initiative as a capacity building project in support of Libyan municipalities carried out in partnership with European local and regional authorities and with the financial contribution of the European Commission. Points out that this initiative should be bolstered in such a way as to boost the effectiveness of its measures and generate better outcomes, nonetheless bearing in mind the need to be alert to the complex setting as regards the issue of legitimacy in Libya and to remain sensitive to any political implications;

36. recognises that the capacity of local authorities along the Central Mediterranean route are not well developed. The challenge becomes more complex when attempting to respond to differing needs, especially in an economically fragile climate. Local authorities must have the tools to assess the most urgent needs of different migrant groups, particularly unaccompanied children and adolescents, and women;

37. emphasises the need to pay greater attention to child protection. There has been a record number of refugee and migrant deaths in the Central Mediterranean over the past 3 months, including an estimated 190 children. We join the call of UNICEF on the EU and its Member States to commit to protecting refugee and migrant children, especially those who are unaccompanied, from exploitation, violence and child trafficking and strengthening child protection programmes in Libya;

38. clarifies that EU support for local authority capacity development entails not only increasing the technical capabilities of local authorities, but also ensuring the efficient provision of basic needs and services. Empirical evidence suggests that decentralised management of social services and public goods provide optimal 'value-for-money' in development planning and delivery;

39. advocates promoting decentralisation and local governance programmes, in line with national poverty reduction strategies;

⁽³⁾ CdR 9/2012 fin, Opinion on the 'Global approach to migration and mobility', rapporteur Nichi Vendola (IT/PES).

⁽⁴⁾ <http://www.consilium.europa.eu/en/press/press-releases/2017/01/03-malta-declaration/>

40. insists that coherence and interplay between national migration policies and local initiatives in providing services and protection to migrants and promoting their social inclusion, when they are entitled to international protection, is an area that merits further attention. As a minimum, local governments need the authority and resources to respond appropriately to the needs of migrants in the communities under their jurisdiction. Ideally, they should be able to operate in an overall policy environment that favours an inclusive approach when the right conditions are in place;
41. notes that Libya has experienced political and social turmoil over the past 6 years as a direct result of the events of the Arab spring. The overall crisis in which Libya has found itself since 2014 has caused utter chaos and a steep deterioration in living conditions throughout the country. The near absence of the state and the very limited means at the disposal of the municipal councils make institutional weakness a considerable obstacle to stability and development. At the same time, the country has opted for reforms establishing a decentralised governance system approving Law 59 (on local governance) in 2012 which, despite the instability in the country, remains a reference point in all Libyan parties, no matter what their political affiliation;
42. stresses that many young people from Libyan cities have become involved in the 'migration business', as it is a highly lucrative source of income. Young people who have participated in armed conflict and militia activities are particularly difficult to integrate. The traditional social organisations (tribes, families, schools and institutions) have difficulty in dealing with youths. Drugs and criminality are widespread. The absence of specific youth policies has made the situation worse for young people;
43. emphasises the fact that municipalities not only in Libya but in the different countries along the Mediterranean route can play an important role. As institutional and legitimate actors responsible for local issues, they are called upon to make an important contribution to stabilisation. Local economic development, coordination with security actors and efficient policies for youth and migration are the pillars of such a role. But local governments need a great deal of assistance in order to be able to shoulder these responsibilities;
44. advocates programmes to contribute to strengthening, empowering and rendering more effective local governance in Libya and other countries along the Central Mediterranean route by focusing on three dimensions of local governance: management, service delivery and participation. Efforts should also be made to increase local economic prospects, social life and political inclusion of highly educated young people in inland rural areas, cities and towns, in order to attenuate factors leading to radicalisation and migration;
45. stresses that it is possible to create traction at local level for improved governance despite the de facto lack of capacity of local governments at this stage, and advocates for the vital necessity to support local governance as this will inevitably promote stabilisation and create the conditions for future reconstruction, a prerequisite for efficient and sustainable migration management in Libya;
46. underlines the importance of women's participation and youth engagement, something that should remain crucial in the various support activities, especially through the involvement of active civil society organisations (CSOs) and independent politicians;
47. insists on the added value of targeted objectives in reducing the negative effects of the various forms of migration, displacement and unrest by increasing the economic attractiveness of rural areas and activities in support of municipalities in their new mandate, in keeping with decentralisation measures;
48. acknowledges that the tragedy starts in the countries of origin, not in the sea. Thus encourages the EU to contribute to local economic development in the countries along the Central Mediterranean route by supporting municipalities in their role of local development actors and by enabling the participation of young people and women in local affairs and socio-economic activities;
49. offers its further support in designing and implementing the EU's migration policy, also drawing on the knowledge and expertise of the Euro-Mediterranean Regional and Local Assembly (ARLEM).

Brussels, 12 July 2017.

*The President
of the European Committee of the Regions*
Markku MARKKULA

Opinion of the European Committee of the Regions — International ocean governance: an agenda for the future of our oceans

(2017/C 342/05)

Rapporteur: Anthony Gerard Buchanan (UK/EA), Councillor East Renfrewshire Council (Scotland)

Reference document: Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the European Committee of the Regions — **International ocean governance: an agenda for the future of our oceans**

JOIN(2016) 49 final

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR)

1. welcomes the Joint Communication on Ocean Governance, adopted on 10 November 2016 by the European Commission and the High Representative for Foreign Affairs and Security Policy;
2. supports the proposed actions to ensure safe, secure, clean and sustainably managed oceans;
3. agrees with the aim of ensuring that the EU is a strong global player that is able to set out an agenda for better ocean governance based on a cross-sectoral, rules-based international approach; the ultimate aim of this EU initiative will be to establish an international standard on the social, economic and environmental conditions applicable to activities linked to the sea, a level playing field that allows for the adequate sustainability of our oceans, and stronger competitiveness of the European players that operate in them;
4. fully supports the recent Council Conclusions⁽¹⁾ that call for a more coherent approach between internal and external aspects of ocean governance, including synergies between EU, Member States and regional strategies;
5. recalls, inter alia, its earlier opinions on the Commission communication ‘Towards an Integrated Maritime Policy’⁽²⁾, on maritime spatial planning and integrated coastal management⁽³⁾, on developing the potential of Ocean Energy⁽⁴⁾ and on better protecting the marine environment⁽⁵⁾;
6. stresses the leading role of the European Union in maritime governance that aims to provide Europe’s coasts and seas with the most comprehensive policy and regulatory system in the world — one which recognises the role of local and regional authorities, of coastal communities and of economic and social actors in ensuring that the economic, environmental, climatic and social factors are properly addressed in a comprehensive and multilevel governance fashion;
7. considers, however, that ocean governance is affected by what is known as the ‘tragedy of the commons’. While there are a range of general worldwide or sea-based agreements, such as UNCLOS and specialised agreements particularly under the IMO, there is a considerable degree of fragmentation. In that context, the role of the EU is both to lead by example and to offer incentives so that non-EU partners replicate the high standards that exist within EU marine policy. Such incentives, including capacity building, could potentially be included in international agreements on trade and development programmes that the EU negotiates with third countries;

⁽¹⁾ Council Conclusions of 3 April 2017.

⁽²⁾ Rapporteur: Michael Cohen, CdR 126/2010.

⁽³⁾ Rapporteur: Paul O’Donoghue, CdR 3766/2013.

⁽⁴⁾ Rapporteur: Rhodri Glyn Thomas, CdR 01693/2015.

⁽⁵⁾ Rapporteur: Hermann Kuhn, CdR 07256/2014.

8. notes that the EU and Member States have concurrent powers on international relations, inclusive of marine-related issues. This requires robust coordination between levels of government, and ensuring that EU and national positions in international forums have undergone territorial impact assessment so that the interests of the competent local and regional authorities are fully embedded in them;

9. stresses that many issues related to ocean governance are inevitably local, due to resource extraction, economic benefit for coastal areas, fishing communities and ports, or their environmental impact on Europe's coasts and seas. Environmental and climate policy and economic decisions concerning oceans elsewhere in the world affect EU local and regional authorities. This requires significant investment in maritime spatial planning and supporting governance at the local/regional level;

10. stresses that marine policy is directly linked with inshore economic, environmental or spatial planning policy. How local and regional authorities manage inshore policies will have a direct offshore effect. Often, on issues such as windfarms, offshore activity has been perceived as the easy solution for activities being resisted inshore;

11. highlights that local and regional authorities have competences and positive experiences in managing a range of areas such as fisheries, shellfishing and aquaculture; subsidies (e.g. for inefficient fleets), economic and environmental policies (e.g. marine litter) and inspections (e.g. vehicle inspection) that have a positive or negative impact in other territories outside the EU. They are also often part of port authorities;

12. recalls the recent research work undertaken by the CoR ⁽⁶⁾ and OECD ⁽⁷⁾ on the ocean and blue economy. Insists, in line with the 'Better Regulation' agenda, that it is necessary to conduct prior impact assessments, including territorial impacts, to define the possible threats from all sectors, possible mitigation measures and expected socio-economic consequences before introducing new legislation, authorising new extractive technologies or defining new Marine Protection Areas;

13. recalls the new UN Sustainable Development Goals signed by all EU and UN Member States. Ocean governance concerns Sustainable Goal 14 on Life Below Water and Goal 13 on Climate Action, and also Goal 11 on Sustainable Cities and Communities. The Committee welcomes the Commission's plan to translate these goals into various EU policies ⁽⁸⁾, as it could be a good basis for building a common understanding at international level that goes beyond sectoral solutions for sustainable ocean governance;

14. believes, conversely, that the entry of ocean-sourced goods and commodities from third countries into the EU Single Market should be conditional to the fact that these countries progressively converge towards higher EU standards, such as for instance on banning of discards at sea;

15. believes that the three priority areas, broken down into 14 actions, set out in the joint communication form a relevant basis on which to undertake further action at EU and international level on ocean governance. While the communication primarily relates to the international component of maritime policy, there is a local and regional angle, in terms both of competence and of direct territorial impact and the degree of specialisation and dependence on the ocean;

Priority area 1: Improving the international ocean governance framework

16. notes, concerning **Action 1** on filling the gaps in the international ocean governance framework in order to improve the legal framework and provide a level playing field, that there is already an extensive legal framework at international level covering marine limits, navigation, archipelagic status and transit regimes, exclusive economic zones, continental shelf

⁽⁶⁾ Alexander Charalambous et al., *Developing Blue economy through better methodology for assessment on local and regional level*, Committee of the Regions, 2016. http://cor.europa.eu/en/documentation/studies/Documents/order%206203_Blue%20Economy_form_WEB.pdf

⁽⁷⁾ OECD, 'The Ocean Economy in 2030', 2016. <http://www.oecd.org/futures/oceaneconomy.htm>

⁽⁸⁾ COM(2016) 740 final.

jurisdiction, deep seabed mining, the exploitation regime, protection of the marine environment, scientific research, and settlement of disputes; recalls in that respect that existing administrative boundaries and the cultural and traditional specificities of European local and regional communities should be taken into account for the purposes of shaping ocean governance policy;

17. believes that EU policies are already robust on issues concerning fishing regulation, maritime spatial planning and macro-regional strategies. In some countries strategic land-use planning is an important policy tool for local land and water spatial planning. Local authorities are already responsible for planning in relation to coastal areas and territorial waters. Strategic land-use planning should not be compromised by the governance or legal framework proposed by the European Commission. The main challenge both at EU level and, particularly, worldwide is lack of control and robust implementation. Leading by example, the EU is therefore in a position to introduce reciprocity requirements and offer incentives when negotiating new international rules with third parties and organisations. This global initiative for enforcement of those rules is needed in order to ensure a level playing field for all countries, regions and economic operators;

18. agrees, with regard to **Action 2**, that promoting regional fisheries management and cooperation in key ocean areas to fill regional governance gaps will improve the position of EU fisheries and help others to reach the high standards that are in force within the EU;

19. is concerned that the Commission guidance on seabed mining would act as a deterrent to focus on the EU resource efficiency plans, the more so as the technology for exploitation of natural resources is untested and has the potential to damage the natural environment. Calls for coordination with Member States' negotiations at the International Seabed Authority;

20. recommends in that respect that the EU should campaign and provide incentives for other countries and organisations to introduce the European system of yellow and red cards as a model for tackling illegal, unreported and unregulated fishing on a global scale, including blacklisting and export bans resulting from non-compliance. The Committee calls for current plans for an electronic tool for managing catch certificates to be speeded up. Such measures would boost the industry in those regions that apply the provisions strictly;

21. believes that **Action 3** on improving coordination and cooperation between international organisations and launching Ocean Partnerships for ocean management will benefit regional maritime hubs through better international exposure;

22. considers that local and regional centres of competitiveness and excellence, particularly in areas with a strong maritime dimension, including the outermost regions, can play a crucial role and need to be financially supported in developing international research teams and technology transfer platforms in support of the EU's work in Ocean Governance;

23. is opposed to the idea of creating new international rules and organisations from scratch. The Committee agrees with the Commission that it is more sensible to improve the current governance and enforcement system by focusing on inefficiencies and enhancing international coordination. In that respect, it is important to ensure, before launching new measures within a specific framework (e.g. oil exploration), that the knock-on effect in other policy areas and sectors (e.g. fishing) is properly understood;

24. recommends, with regard to the management of biological biodiversity in areas beyond national jurisdiction, that the EU improve coordination with EMSA ⁽⁹⁾ and the EFCA as well as closely involving European regions in coordination actions and consultation with adjacent European regions;

25. believes that ocean governance is part of the EU's multilevel governance and thus requires the pooling of national and EU resources for capacity building, inspection, enforcement, deterrence and prosecution of all entities violating the

⁽⁹⁾ EMSA: European Maritime Safety Agency (<http://www.emsa.europa.eu/>).

existing legal frameworks. This requires the involvement of the competent local and regional authorities with respect to **Action 4** on capacity building, as this will directly benefit coastal and maritime regions in many technical and administrative aspects;

26. stresses that **Action 5** on ensuring the safety and security of seas and oceans is crucial for seafarers, businesses and port operators, and a key element in the fight against forced labour and trafficking in human beings. The EU should continue to be the lead jurisdiction in this area, with the most comprehensive legal framework for safety and security at sea and in ports, and to use its considerable international leverage to encourage reciprocal arrangements in other parts of the world;

27. believes that the cooperation between national authorities and Frontex, EMSA and EFCA must result in joint maritime surveillance capability with the EU providing, where applicable, state of the art vessels and technology to effectively enforce surveillance;

Priority area 2: reducing pressure on oceans and seas and creating the conditions for a sustainable blue economy

28. believes, with regard to **Action 6**, that it is imperative to implement the COP21 Paris UN Climate Agreement in order to mitigate the harmful impact of climate change on oceans, coastlines and ecosystems, and to address future costs of global warming and rising oceans. Global climate goals require local adaptation measures, as most climate impacts are local impacts. Therefore, as recently stated by the CoR⁽¹⁰⁾, local and regional authorities have a crucial role to play in the preparation and implementation of national, EU and international adaptation frameworks dealing with the consequences of climate change in the world's oceans. Specific capacity and financial support needs to be provided to that end to all regions, including the outermost regions given their strategic locations in the Atlantic and Indian Oceans and in the Caribbean Sea. Moreover, in order to comply with the Paris Agreement, it is essential not only to incorporate climate change adaptation measures into maritime management, but also to leave a substantial amount of the existing fossil fuels underground. To this end, considers that in the interests of consistency, Action 6 should be strengthened through the inclusion of measures to prevent new oil exploration in sensitive areas in European seas;

29. stresses that **Action 7** on fighting illegal fishing and strengthening the sustainable management of ocean food resources globally directly benefits the EU's fishing industry. This entails strengthening the existing regional fisheries management organisations (RFMOs) and ensuring their full operability, and requires the European Commission to have a better mandate to negotiate and support RFMOs;

30. agrees, in line with **Action 8**, that fishing subsidies that harm the environment both in the EU and in third countries should be phased out. Appropriate incentives and palliative measures need to be defined to ensure the viability of communities that are heavily dependent on fisheries both in the EU and elsewhere;

31. believes that **Action 9** on fighting marine litter and the 'sea of plastic' is one of the most relevant initiatives in this proposal. This directly benefits tourism and fisheries. If people continue to dump plastic in the natural environment at the current pace, the sea will contain more plastic than fish by 2050. The existing powers of local and regional authorities with regard to waste management and prevention can make a crucial contribution. Local authorities play an important role in terms of their capacity to recover energy from the incineration of recovered plastic. Some 28 % of waste in the EU currently goes into landfill. A robust EU environmental framework for prevention, including a possible EU ban on microplastics, needs proper enforcement at local and regional level, and continuing investment in cleaner technologies including the development of tailor-made local and regional marine litter prevention policies. This should include further progress towards a common regime not only for port reception facilities but also for fees for ship-generated waste and cargo residues, so as to discourage ships from discharge them before docking at ports. While Europe's regions and local authorities are among the largest emitters of marine litter and plastic they are also affected by litter coming from outside the EU, meaning that international cooperation is essential;

32. welcomes the European Commission's initiative to fight ocean pollution and marine litter in particular, but notes that this is a first step in achieving cleaner oceans and that the EU and Member States can lead the way by introducing a joint plan for the eventual removal of harmful substances at sea such as munitions, chemicals and nuclear materials. The

⁽¹⁰⁾ Rapporteur: Sirpa Hertell, CDR 2430/2016.

Committee therefore underlines in this regard the importance of pilot projects which can develop and showcase European capabilities, technology and commitment to peace. Such projects can be a source both of technology exports and of know-how that can be leveraged with third countries and organisations as an incentive for the introduction of similar policies elsewhere;

33. believes that such a joint plan on ocean pollution can also bring tangible benefits for maritime regions and communities, not only directly in terms of know-how, expertise and increased civil protection capabilities in search, rescue and recovery but also more widely in the form of a resulting increase in income from tourism and fisheries, wider economic development, and a cleaner environment and health benefits, not only for Europe's coastal areas but also for adjacent regions and the entire ocean ecosystem;

34. notes that **Action 10** on promoting maritime spatial planning (MSP) at global level, including possible IOC-UNESCO international guidelines on MSP, is consistent with earlier CoR opinions highlighting the EU's advanced policies on MSP and the contribution of local and regional authorities. This is also an opportunity for EU companies to provide related services and products worldwide;

35. agrees in that respect with **Action 11**, which aims to achieve the global target of conserving 10 % of marine and coastal areas and promote the effective management and enforcement of marine protected areas (MPAs) to effectively create 'ocean parks'. Current studies of similar projects in Australia show benefits for tourism and fisheries in neighbouring regions that can be replicated elsewhere, including parts of European shores. In this connection, the Committee highlights the importance of involving and empowering local stakeholders when identifying and managing MPAs. Indeed, under-resourced MPAs or limited availability of scientific data can be a significant barrier to sustainable economic development, e. g. marine energy, ports and harbours;

Priority area 3: Strengthening international ocean research and data

36. believes, concerning **Action 12**, that a coherent EU strategy on ocean observation, national fisheries data and marine accounting will boost data services and observation. In that respect existing EU and international platforms for ocean and seabed mapping such as EMODnet or the 'Copernicus' programme of ocean observation need to be integrated and made interoperable. Initiatives such as IPBES (a global platform and intergovernmental body open to all UN Member States that aims to strengthen the link between science, politics and local knowledge in decision-making related to biodiversity and ecosystem services) should be encouraged, including the development of new tools such as a Nordic IPBES, the EU's MAES (Mapping and Assessment of Ecosystems and their Services) and ESMERALDA (Enhancing Ecosystem Services Mapping for Policy and Decision Making);

37. considers that the combination of different existing and future databases builds an interdisciplinary body of marine knowledge and data that cuts across multiple fields, such as environmental protection, fisheries and aquaculture, disaster relief, first response and rescue services, border control and migration monitoring, and transport. The Committee sees no need to add more databases; rather existing databases can be coordinated so as to be useful for the Member States;

38. stresses that having compatible, redundant and overlapping databases and collection of marine knowledge and ocean mapping requires more synergies not only between the various EU and competent national institutions but also with other Member States and international organisations, as common data must be the starting points for developing common, trans-oceanic responses;

39. insists that marine knowledge must not be just an endeavour for the public sector; the private sector, fishing and sea cargo companies, marine engineering, telecommunications, biotechnology and marine oil and gas exploration companies can play a crucial role in collecting and sharing the environmental data that they gather during their own activities at sea. The EU and other international bodies must provide incentives and facilitate this so that it does not add an unnecessary burden;

40. reiterates its call on the European Commission to promote best practices for the use of public-private partnerships in the blue economy⁽¹¹⁾. Such promotion should take into account the potential offered by small and medium-sized businesses and limited administrative capacity of some of the relevant national authorities;

41. highlights the asymmetric territorial impacts of many of the challenges facing our oceans, which mean that multipolicy marine data needs to be made available for local and regional authorities in a way that is easy to access and use;

42. calls, in line with earlier CoR opinions on Blue Growth⁽¹²⁾, for more investment in 'blue' science and innovation (**Action 13**) and underlines in this regard the importance of professional education and skills for seafarers, developed in close cooperation with marine industries;

43. supports the development of international ocean research, innovation and science partnerships, which should be designed to boost regions that are investing in marine research and innovation (**Action 14**). In this connection European policies and programmes such as Horizon 2020, as well as the EMFF, LIFE, the CEF and the ERDF, can be put to good use to develop ocean research and innovation partnerships, including with third countries;

44. recognises the important role the Blue Growth strategy can play in this area, and calls for strategic initiatives to be promoted at local and regional level, and for best practices and successful projects to be disseminated and implemented in other regions, with special focus on applied research and innovation in the area of maritime and coastal activities;

Final recommendations

45. believes that ocean governance affects local and regional authorities in a very asymmetric way, presenting challenges that very often they are not equipped to meet. At the same time changes in regulatory frameworks, fishing or natural resources exploitation in other parts of the world can have a direct economic or social effect in European coastal communities and those areas that are significantly dependent on ocean-related activities;

46. considers, however, that Europe's local and regional authorities have a proactive role to play in introducing sustainable policies to prevent overfishing and marine pollution, contributing to EU multilevel governance and campaigning for the EU and Member States, which have jurisdiction over 10 % of the world's oceans, to lead by example in international ocean-related negotiations;

47. requests, in line with the existing Inter-Institutional Agreement and the 'Better Regulation' package, that a Structured Dialogue on Ocean Governance be regularly co-organised by the Commission, Council, Parliament and CoR to jointly develop new marine-related policy initiatives with active input from representatives from the affected coastal and marine regions and communities of the EU, in particular island, isolated and outermost regions, or their directly mandated representatives, potentially encompassing the existing Stakeholder Forums of the various sea-related EU macro-regional strategies and representatives from the RFMOs.

Brussels, 12 July 2017.

*The President
of the European Committee of the Regions*
Markku MARKKULA

⁽¹¹⁾ Rapporteur: Adam Banaszak, CdR 4835/2014.

⁽¹²⁾ Rapporteurs: Adam Banaszak, CdR 2203/2012, CdR 4835/2014 and Christophe Clergeau, CdR 6622/2016.

Opinion of the European Committee of the Regions — People-to-people and small-scale projects in cross-border cooperation programmes

(2017/C 342/06)

Rapporteur: Pavel Branda (CZ/ECR), Deputy mayor of Rádlo municipality

I. GENERAL COMMENTS

1. More than one third of EU citizens live and work in Europe's border regions. Those borders have a direct and indirect impact on their lives. Cross-border cooperation (CBC) has proved to be the most effective tool for overcoming the barrier effect and the dividing role of borders, integrating border areas and increasing the quality of life for border regions' citizens.
2. European Territorial Cooperation plays an important role in removing border obstacles and fostering CBC. In the period 2014-2020, more than EUR 10 billion will be invested in cooperation between regions, of which around EUR 6,6 billion will go to cross-border regions.
3. The Interreg A projects have achieved many tangible outcomes for many European citizens in very diverse territories all over the EU. An important and successful tool in CBC programmes ⁽¹⁾ are people-to-people and small-scale projects, designed to foster the convergence of bordering regions and initiating grassroots contact among people.
4. People-to-people (P2P) and small-scale projects can be defined by their size, duration and content. Small-scale projects are usually smaller in size than regular big projects (e.g. maximum size of EUR 100 000 ⁽²⁾). They can also have a limited duration and their main focus is to finance initiatives in many different areas of CBC with a local impact, in order to support the main thematic objectives of EU programmes (including trust-building, creating favourable framework conditions and a bottom-up approach and initiating new partnerships). People-to-people projects are small-scale projects focusing primarily on promoting contacts and interaction between people on different sides of the border. These usually have a smaller budget and also a limited duration. The activities of the project happen in smaller geographic areas (commonly at Euroregional level) and their approaches are commonly place-based.
5. People-to-people (P2P) projects and small-scale projects are carried out in a wide range of fields such as culture (e.g. learning the neighbouring language), sport, tourism, education and vocational training, economy, science, environmental protection and ecology, healthcare, transport and small infrastructure (cross-border gaps), administrative cooperation, promotional activities, etc.
6. P2P and small-scale projects are accessible to a wide range of beneficiaries: municipalities, NGOs (numerous types of associations, platforms, networks, foundations, churches, etc.), educational institutions (schools, vocational training centres and universities), research and business-support institutions, among others.
7. These projects have been supported by several generations of CBC programmes. In the current period, P2P and small-scale projects in 19 CBC programmes (approximately in one third of them) are mainly being supported through a Small Project Fund (SPF) or similar instrument (sometimes called micro-projects, disposition fund, or framework project to support small projects/initiatives). These SPFs usually take the form of an 'umbrella project' under which several smaller sub-projects are implemented.
8. In general, the funding has been rather low — from 1,5 % up to 20 % of the allocation of the programmes (lower in the old EU, while in the new Member States and along the 'old' external borders the demand has been much higher).

⁽¹⁾ It is noted that similar cross-border initiatives exist also outside of CBC programmes (e.g. at French borders between the Pyrénées-Orientales department/Generalitat de Catalunya, etc.), which may also provide valuable input.

⁽²⁾ Size of projects for which omnibus regulation suggests simplified cost procedures.

9. Independent studies dealing with CBC and all Interreg evaluations ⁽³⁾ to date confirm that in Interreg A programmes the best qualitative results are not achieved primarily through flagship projects, but, rather, success is determined by the variety of different genuinely cross-border projects addressing region-specific needs while directly involving citizens, local authorities and civil society organisations. Quite often the management of these Interreg A programmes (sub-programmes) is decentralised. From the beginning of Interreg (1990), the programmes with the best evaluation results have often been those managed in a decentralised way, many of them including support to P2P projects and small-scale projects.

10. Despite their positive impact, these projects face some major difficulties. They are not anchored in the regulations, and bigger projects are often preferred by managing authorities as being more cost-effective (the higher administration cost of P2P projects) and having a measurable impact. It is also difficult to link the soft effects of such projects to indicators related to the EU2020 strategy focusing on jobs and growth (lack of methodology and suitable evaluation indicators).

11. The main objective of this opinion is to provide an evidence-based list of the benefits and added value of such projects and their decentralised implementation through Euroregions and similar structures such as EGTCs; to provide recommendations for their further simplification; and, ultimately, to put forward specific proposals for future CBC programmes, thus contributing to the debate on the future of cohesion policy post-2020.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR)

Added value and benefits of people-to-people and small-scale projects

12. considers that P2P and small-scale projects in general have a great European added value and contribute considerably to the overall objective of CBC programmes by means of overcoming border obstacles and integrating border areas and their citizens. The following specific benefits of such projects should be underlined:

- Helping to develop larger projects and substantially supporting effective cooperation within the whole CBC programme by:
 - improving the necessary professional and intercultural skills of beneficiaries and building capacities at local and regional level,
 - covering the areas of legal and administrative cooperation,
 - providing room for experimentation — small-scale projects are great instruments to test innovative ideas and tools in CBC, and
 - serving as 'incubators for bigger projects' — contributing to greater quality in big projects through prior testing in small projects.
- Learning about the culture of neighbouring areas. Promoting intercultural skills among the citizens of border regions.
- Promote the ability of people to study, work and do business across borders.
- Facilitating communication between people. These projects often help overcome the language barrier by stimulating language learning.
- Developing interpersonal contacts and building up partnerships. Many cross-border partnerships (also of smaller organisations) are initiated and then developed into long-term cooperation by P2P and small-scale projects.
- Mobilisation of wider civil society and even encouragement of a cross-border civil society as an important contribution to territorial cohesion.
- Exchange of experiences. These projects create a great platform for sharing experiences and best practices between all CBC players from civil society to local and regional authorities.

⁽³⁾ For instance: DG for internal policies: Territorial Governance and Cohesion Policy, European Parliament, Brussels, 2015; Panteia and partners, Ex-Post Evaluation of Interreg III 2000-2006, European Commission, 2010.

- Addressing local problems. Finding local solutions. P2P and small-scale projects help implement common visions. Many problems can be solved only through cooperation at local level.
- Dealing with topics of everyday relevance (e.g. ensuring better public services) and apolitical approach to forming people's own present and future.
- Building trust. There is a lack of trust in Europe today. These tangible P2P projects are a great instrument in restoring trust across borders and in Europe. They constitute an investment for the future.
- Removal of stereotypes and prejudices caused by the sometimes-difficult history of border areas or even present developments. CBC and especially people-to-people projects help heal the 'scars' produced by borders. They advertise the principle of tolerance and respect. They can play a significant role in reconciliation along the problematic borders in the Western Balkans and in the countries of the Eastern Partnership.
- Promoting the European idea. It is in the cross-border interactions of people and in working together with your neighbours where the benefit of European integration is felt. These projects supported by the EU can help regenerate enthusiasm about Europe;

Advantages of decentralised management

13. sees nevertheless advantages for increased partnerships where the size of the eligible territory is bigger, however is aware of the possible negative impact: it is harder for the programmes to reflect the specific needs of different parts of a large territory. There is a tendency to support larger projects and this support becomes less accessible for local/regional players;

14. suggests that decentralised management of such programmes, for example through promotion of sub-programmes and also enabling the financing of small-scale and P2P projects, is the best solution to this trend that would keep the programmes closer to the citizens;

15. points out the advantages of Small Project Funds (or similar instruments funding P2P and small-scale projects) being managed in a decentralised way:

- Developing projects instead of just administering projects. Decentralised management is conducive to: working with potential applicants on the ground and helping the projects to succeed, connecting partners across borders, developing project ideas, helping convert these ideas into actual project applications, monitoring the projects, focusing on prevention and helping correct mistakes, etc.
- Closeness to applicants. This is especially important for smaller municipalities, civil society, non-profit organisations, etc.
- Accessibility of funding. For such smaller projects it is easier to secure co-financing and pre-financing. Application procedures are often simpler than for big projects.
- Flexibility. This instrument is suitable for addressing specific local issues that could be changing;

16. is aware that this approach may result in comparably higher administration costs. It should be stressed that, in addition to the usual project administration, many other activities take place (e.g. raising awareness, advice for preparation, implementation and accounting). Without this decentralised care and bottom-up approach such projects are difficult to realise;

Role of Euroregions and similar cross-border structures

17. notes that the advantages of decentralised implementation of P2P and small-scale projects are best achieved through the involvement of Euroregions and similar cross-border structures⁽⁴⁾. They could also have the legal form of an EGTC, which are very suitable for such a role;

⁽⁴⁾ The importance of Euroregions in developing CBC was stressed in the European Parliament resolution on the role of 'Euroregions' in the development of regional policy (2004/2257(INI)).

18. recommends that, in order to ensure successful implementation, these structures should have considerable experience in CBC at local and regional level. They should be:

- permanent,
- cross-border ⁽⁵⁾,
- of a public nature ⁽⁶⁾: composed mainly by local and regional authorities,
- focusing on cross-border cooperation as their main objective, and
- experienced with EU programmes and projects;

Simplification as a prerequisite for successful implementation of small projects

19. emphasises that in order to preserve the added value of P2P and small-scale projects and their decentralised management, these projects and procedures must be very simple;

20. points out that the position of the CoR was expressed in its opinion on *Simplification of ESIF from the perspective of local and regional authorities* ⁽⁷⁾. Recommendations regarding CBC such as removal of ETC from the area of application of State aid rules, or a more flexible approach in applying the thematic objectives of EU2020, are even more relevant for P2P and small-scale projects;

21. states that simpler procedures have to be proportionate to the sums concerned, both for the management of these projects (administration, financial management, control mechanisms, etc.), and for the target groups (reduction of administrative burdens, target-oriented advance information, application of once-only principle ⁽⁸⁾). These simpler procedures must be applied in all phases of the project cycle;

22. recommends that during control, monitoring and audit, it is necessary to focus more on the content and the results and not merely on the processes;

23. appeals to all shared management levels to enable and to use suitable simplified cost options as the main approach regarding P2P and small-scale projects. Despite the necessary control of public funding, the CoR calls for the use of the once-only principle, lump sums, flat rates and simplified statements of costs (e.g. standardised unit costs) to be promoted as regards accounting for these projects;

Communication of the results — evaluation of Small Project Funds

24. believes that in the light of the current situation in the EU (growing nationalism, UK withdrawal from the EU, migration crisis, economic and monetary difficulties) there is clearly an increasingly strong need to communicate the specific benefits and added value of EU action. Cross-border cooperation and especially the P2P and small-scale projects are among the most tangible examples of such specific benefits and added value in the everyday life of citizens. Here EU funds have clear positive effects in the real life, prospects and perceptions of EU citizens;

25. suggests that efforts should be made by all players to increase the visibility of the results and benefits of such projects — not so much in the border regions where they are obvious but at the national (Member States) and European levels (EU institutions) that make decisions about cohesion policy. This opinion, together with a brochure containing specific project examples, aims to contribute to these efforts. Communication of these results may also be facilitated by European Cooperation Day;

26. recognises the need to implement a specific methodology to evaluate Small Project Funds (and similar instruments) supporting P2P and small-scale projects. Given the 'soft' nature of P2P projects, it is clear that standard outcome indicators are not suitable for such evaluation (e.g. for measuring the level of trust or overcoming prejudices). Here it is suggested that just the fact that cross-border cooperation between citizens and institutions of border regions takes place is a positive result

⁽⁵⁾ De facto not always *de jure*.

⁽⁶⁾ According to the Public Procurement Directive, not necessarily founded under public law.

⁽⁷⁾ COR-2016-00008-00-00-AC-TRA.

⁽⁸⁾ Additional legal systems involved, because of simultaneous application of European, national and regional regulations, creates confusion.

in itself (similar to the growing number of students studying abroad thanks to the Erasmus programme). The number of participating citizens and cooperating partners should be sufficient. Small-scale projects shall contribute to the indicators of the given investment priority but also with these projects that are not purely P2P, the aspect of cooperating partners and number of persons actively involved in the CBC should be considered, as it builds the capacity of such partners to further develop such cooperation in the future. It extends the scope of EU-driven operations with a place-based approach and focused on the citizens, who become committed players to build up more Europe on the ground. Very often, the professional and intercultural skills acquired by members of the cross-border project teams are more valuable than the result of the project as such (small-scale investment);

Recommendations for future CBC programmes post-2020

27. recommends that people-to-people projects and small-scale projects be anchored in the regulations governing EU support for cross-border cooperation as a legitimate instrument in CBC programmes and calls on the Commission to make the necessary provisions in the proposal for the next generation of regulations;

28. also recommends that people-to-people and small-scale projects be encouraged by the Commission to be part of the CBC programmes, especially where there is the demand for such projects at local and regional level. Sufficient allocations should be secured to satisfy this bottom-up demand. Special attention should be paid to the borders that will be affected by UK withdrawal from the EU ⁽⁹⁾ where solutions for continuing cooperation with UK local and regional authorities and other partners should be found;

29. points out that the full benefits of such projects can be achieved through decentralised management either through Small Project Funds, or any similar instrument or directly by steering committees on the ground. It is essential that each border region is free to use its existing instruments and procedures that have proved effective for many years, ensuring the continuity of such funding with the overall objective to keep the programmes closer to the citizens;

30. recommends that Euroregions or similar structures and EGTCs should be the framework to guarantee the decentralised implementation of P2P and small-scale projects, ensuring their continuity and taking into account the already existing roles of such structures (e.g. 'umbrella project' recipients) that have proved useful. In border areas where these structures are not present, their creation should be encouraged or other suitable solutions should be found respecting as much as possible the principles stated above;

31. emphasises that in order to preserve the added value and benefits of people-to-people and small-scale projects, they and their management must be kept as simple as possible. More emphasis should be placed on content than on procedures, and simplified cost options should be preferred;

32. points out that P2P often bring together partners in public or semi-public services, they alleviate the effect of differences in regulation and financing between organisations in different Member States. However, beyond temporary project funding, successful P2P projects should be able to be continued by structural funding. More effort should be made in the next programming period to feed experiences at the border to national legislators. Member States should be engaged in a border-compact to reduce border effects resulting from national regulation and financing;

33. calls on the Member States, the Commission and the European Parliament to take these specific recommendations into account and include all necessary rules to implement them when preparing legislative proposals for the next generation of CBC programmes, setting up these programmes and during their successful implementation. This will ensure that the benefits of European integration are felt strongly among the citizens of Europe's border regions.

Brussels, 12 July 2017.

*The President
of the European Committee of the Regions*
Markku MARKKULA

⁽⁹⁾ Notably between Ireland and Northern Ireland but also between France and England.

Opinion of the European Committee of the Regions — Boosting start-ups and scale-ups in Europe: regional and local perspective

(2017/C 342/07)

Rapporteur: Tadeusz Truskolaski (PL/EA), Mayor of Białystok

Reference(s): Proposal for a Directive of the European Parliament and of the Council on preventive restructuring frameworks, second chance and measures to increase the efficiency of restructuring, insolvency and discharge procedures and amending Directive 2012/30/EU

COM(2016) 723 final

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on 'Europe's next leaders: the start-up and scale-up initiative'

COM(2016) 733 final

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

Recital 1

Text proposed by the Commission	CoR amendment
<p>The objective of this Directive is to remove obstacles to the exercise of <i>fundamental freedoms, such as the free movement of capital and freedom of establishment</i>, which result from differences between national laws and procedures on preventive restructuring, insolvency and second chance. This Directive aims at removing such obstacles by ensuring that viable enterprises in financial difficulties have access to effective <i>national</i> preventive restructuring frameworks which enable them to continue operating; that honest over indebted entrepreneurs have a second chance after a full discharge of debt after a reasonable period of time; and that the effectiveness of restructuring, insolvency and discharge procedures is improved, in particular with a view to shortening their length.</p>	<p>The objective of this Directive is to remove obstacles to the exercise of freedoms <i>linked to the single market</i>, which result from differences between national laws and procedures on preventive restructuring, insolvency and second chance. This Directive aims at removing such obstacles by ensuring that viable enterprises in financial difficulties have access to effective preventive restructuring frameworks which enable them to continue operating; that honest over indebted entrepreneurs have a second chance after a full discharge of debt after a reasonable period of time; and that the effectiveness of restructuring, insolvency and discharge procedures is improved, in particular with a view to <i>responding to the requirements of worker consultation (Article 27 of the Charter of Fundamental Rights) and shortening their length. The preventive solutions sometimes referred to as 'pre-pack' are part of a growing trend in modern insolvency law which favours approaches aimed at the recovery of a company in difficulties or at least saving the parts of it which are still economically viable, rather than the traditional approach of liquidation.</i></p>

Reason

Self-explanatory.

Amendment 2

Article 1.1

Text proposed by the Commission	CoR amendment
(a) preventive restructuring procedures available for debtors in financial difficulty when there is a likelihood of insolvency;	(a) preventive restructuring procedures available for debtors in financial difficulty when there is a likelihood of insolvency which seek to resolve a specific problem, to reduce the liability due to all or some of the creditors or to transfer all or part of the company's viable activities to another company under conditions that entitle creditors to a dividend worth at least as much as they would have received in the event of liquidation;

Reason

Self-explanatory.

Amendment 3

Article 3.1

Text proposed by the Commission	CoR amendment
Member States shall ensure that debtors and entrepreneurs have access to early warning tools which can detect a deteriorating business development and signal to the debtor or the entrepreneur the need to act as a matter of urgency.	Member States shall ensure that debtors and entrepreneurs, as well as workers and their representatives , have access to early warning tools which can detect a deteriorating business development and signal to the debtor or the entrepreneur the need to act as a matter of urgency.

Reason

Self-explanatory.

Amendment 4

Article 3.2

Text proposed by the Commission	CoR amendment
Member States shall ensure that debtors and entrepreneurs have access to relevant up-to-date, clear, concise and user-friendly information about the availability of early warning tools and any means available to them to restructure at an early stage or to obtain a discharge of personal debt.	Member States shall ensure that debtors and entrepreneurs, as well as workers and their representatives , have access to relevant up-to-date, clear, concise and user-friendly information about the availability of early warning tools and any means available to them to restructure at an early stage or to obtain a discharge of personal debt.

Reason

Self-explanatory.

Amendment 5

Article 3.3

Text proposed by the Commission	CoR amendment
<i>Member States may limit the access provided for in paragraphs 1 and 2 to small and medium-sized enterprises or to entrepreneurs</i>	

Reason

It is not clear why and according to what criteria (number of employees, turnover, etc.) certain companies should be excluded from the early warning mechanisms.

Amendment 6

Article 4 (add a new paragraph after Article 4(4))

Text proposed by the Commission	CoR amendment
	<i>Member States shall establish specific provisions allowing employees to consider, prior to restructuring, the possibility of buying out a company by forming a cooperative, including entering into discussions with creditors, administrators, auditors, financial institutions, trade unions and public authorities in order to offer a viable and long-term buyout option that would not be considered a solution of last resort.</i>

Reason

The loss of resources in the event of a business undergoing a major restructuring or going into liquidation is a loss for the EU economy as a whole. In order to save the business, as many options as possible should be available, including the possibility of transforming the business into a cooperative.

Amendment 7

Article 8.1

Text proposed by the Commission	CoR amendment
(f) the terms of the plan, including, but not limited to: <ul style="list-style-type: none"> (i) its proposed duration; (ii) any proposal by which debts are rescheduled or waived or converted into other forms of obligation; (iii) any new financing anticipated as part of the restructuring plan 	(f) the terms of the plan, including, but not limited to: <ul style="list-style-type: none"> (i) its proposed duration; (ii) any proposal by which debts are rescheduled or waived or converted into other forms of obligation; (iii) any new financing anticipated as part of the restructuring plan; (iv) <i>the impact on employees and subcontractors of restructuring plans;</i> (v) <i>the impact on the pensions of retired employees;</i>

Reason

Self-explanatory.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR)

1. welcomes the European Commission's communication on 'Europe's next leaders: the start-up and scale-up initiative' as a development and extension of the Small Business Act; at the same time calls on the Commission to update the Small Business Act and to maintain its homogeneity;
2. agrees with the concerns expressed in the communication that the continuing excessive fragmentation of the single market (including the digital single market) might constrain the growth potential of start-ups and scale-ups;
3. restates its full support for measures aimed at developing innovative entrepreneurship and dismantling the obstacles to its development;
4. points out that start-up and scale-up businesses tend to accommodate flexible forms of employment, including teleworking, flexible working hours, temporary agency work and employee leasing, contract work and work- and job-sharing. When presented as a genuine option for the employee, such forms of employment can have a positive impact of achieving a work/life balance and help to address long-term unemployment;
5. emphasises that cooperation between European, national, regional and local public authorities is of great importance to creating conditions enabling start-ups to scale up;
6. calls on the Commission to take steps to encourage Member States to ensure that all levels of education (both business and non-business) take greater account of subjects such as creativity, entrepreneurship, economics and finance;
7. stresses the role played by regions' and cities' achievements in the innovation-driven development of the world economy due to the fact that they are able to adapt in a flexible way to evolving market, technological and cultural circumstances;
8. points out that support for innovative operators with particularly fast growth rates has an effect on other market operators. Together with the current trend of efforts to promote the circular economy, the social economy and the sharing economy⁽¹⁾, support measures and legal facilitation will produce synergies, thus contributing to the development of societies as a whole;
9. emphasises that measures to more closely link sectoral strategies, intertwining research, business and public authorities at all levels, will be crucial to ensuring that the objectives achieved have a common denominator;

Removing regulatory, informational and legal barriers

10. emphasises that the heterogeneity and instability of EU Member States' laws are one of the key problems constraining the expansion of European start-ups⁽²⁾;
11. encourages the Commission to attempt to clearly define start-ups and scale-ups, and to further streamline legal solutions for SMEs;
12. agrees with the current analytical line developed in the Horizon 2020 programme (concerning the possibility of making use of expert recommendations) and in the work of the European Observatory for Clusters and Industrial Change;
13. proposes revising the set of tools and measures after three measurement cycles so as not only to collect illustrative data on start-ups and scale-ups, but also to develop research on qualitative aspects, which will make it easier to identify problems;

⁽¹⁾ *The local and regional dimension of the sharing economy*, rapporteur: Benedetta Brighenti, ref.: CDR 2698/2015; *Collaborative economy and online platforms: a shared view of cities and regions*, rapporteur: Benedetta Brighenti, ref.: CDR 4163/2016; *The role of the social economy in restoring economic growth and combating unemployment*, rapporteur: Luís Gomes, ref.: CDR 1691/2015.

⁽²⁾ *Smart Regulation for SMEs*, rapporteur: Christian Buchmann, ref.: CDR 5387/2016.

14. welcomes the fact that, in keeping with the European Commission's policy priorities under the Single Market Strategy, COSME programme measures are largely geared to supporting start-ups and scale-ups;

15. expresses concern about the slow pace of efforts to rectify the fragmentation of tax systems, in particular value-added tax (VAT) systems, in the 28 EU Member States. This fragmentation constrains SMEs' — and especially start-ups' — development and cross-border trade;

16. suggests that the Commission make additional funds available to help start-ups develop and implement strategies for protecting intellectual property rights;

Further economic activity — second chance

17. recognises the problem of ineffective and excessively long business insolvency proceedings in EU Member States that deprive many honest but over-indebted entrepreneurs of a second chance;

18. welcomes the proposal for a Directive of the European Parliament and of the Council on preventive restructuring frameworks, second chance and measures to increase the efficiency of restructuring, insolvency and discharge procedures and amending Directive 2012/30/EU, of 22 November 2016 (COM(2016) 723) — which aims to reduce the key barriers to the free flow of capital stemming from differences in Member States' restructuring and insolvency frameworks; expresses the concern, however, that the proposal is limited to financial aspects, with employed workers treated as creditors of a company on the same footing as banks or other investors, and that the recovery of a company is presented purely as a financial reorganisation of stakeholders;

19. finds the Commission's argument for the added value of implementing the proposed legislative solutions at EU level convincing and therefore considers the proposal for a directive consistent with the principles of subsidiarity and proportionality;

20. expresses concern that the current inability to harmonise Member States' legal systems relating to insolvency proceedings means that this legislative instrument will not make a meaningful contribution to increasing the number of start-ups remaining on the market for longer than two to three years;

21. recalls the adoption on 20 May 2015 by the European Parliament and the Council of Regulation (EU) 2015/848 on insolvency proceedings in the various Member States and supports the approach whereby insolvency proceedings are no longer to be seen merely in terms of liquidation, but as a tool for ensuring that the resources of the company — including its employees' right to work — are preserved and, as far as possible, ensuring the company's survival. Also welcomes the establishment, by June 2019, of a digital system of interconnected insolvency registers to be set up in each Member State, and which it will be possible to access free of charge through the European e-Justice Portal. Nonetheless draws attention to the fact that additional support is needed to increase the specialisation of judges and the professionalism of practitioners involved in such procedures;

22. welcomes the European Parliament legislative resolution of 5 April 2017 on the proposal for a Regulation of the European Parliament and of the Council on Money Market Funds (COM(2013)0615) and the proposed establishment of a new category of money market fund (MMF), the low-volatility net asset value (LVNAV) MMF specifically designed for small companies in the real economy;

23. calls on public authorities at national, regional and local level to initiate or become actively involved in:

— campaigns to raise public awareness of what it means to fail when pursuing business success,

— campaigns to promote a culture of rescuing businesses rather than liquidating them,

— campaigns to promote an early warning tool,

— measures to promote economic and financial education for entrepreneurs, primarily aimed at future entrepreneurs or start-ups with a view to improving their level of knowledge and changing their approach to the various sources of capital,

- targeted training programmes for entrepreneurs making a fresh start, and financial support measures with advantageous terms to rescue ailing businesses that show signs of being viable in the future;

Creating new opportunities

24. considers that there is a need to facilitate SME start-ups in the single market, in particular by setting appropriate thresholds for exempting them from national reorganisation and re-registration requirements;

25. encourages the Commission to work towards laying the groundwork for a start-up visa and a catalogue of conditions enabling safe and beneficial use to be made of qualified intellectual and financial capital from third countries that is able to contribute to the development of the EU economy;

26. welcomes the Commission's efforts to improve access to public procurement for start-ups and scale-ups and stresses the need to closely monitor the transposition and implementation of Directive 2014/24/EU on public procurement at Member State level in order to ensure that the Member States make full use of existing provisions for improving SMEs' access to public procurement;

27. welcomes the idea of establishing innovation brokers, responsible for putting together networks of buyers interested in innovative public procurement, linking them with innovative companies and helping such companies access venture capital;

28. commends the proposed alterations to the Horizon 2020 programme to support a bottom-up, cross-sectoral approach and radical innovation characterised by a high degree of social significance and high growth potential;

29. welcomes the further strengthening of the Enterprise Europe Network (EEN) by expanding its range of services to include specialised advice on scaling up, information about national and European rules, financing opportunities, partnerships, and how to access cross-border public procurement;

30. emphasises the importance of the EEN regional offices forging strong cooperative links with local business incubators, accelerators and science and technology parks, because these institutions are in daily and close contact with start-ups and are thus well aware of their real problems and needs;

31. emphasises that the intensification announced by the Commission of efforts to create connections between clusters and local and regional entrepreneurial ecosystems — in particular with regard to matchmaking between investors and large companies and networking of local decision-makers — should be extended to include connecting start-ups with research hubs, as potential providers of technological and non-technological innovative solutions;

32. calls on the Commission to introduce support measures with the aim of launching innovative business incubators to help and support entrepreneurs during the initial stages of their business, improving their business management skills, enabling alternative financing options, reaching agreements with 'driver' enterprises ('elevator pitch'), supporting international expansion, etc.;

33. draws attention to the widening technological gap between metropolitan regions and less-developed and peripheral regions. In this regard, suggests that the Commission take measures to support the networking of leading regions with regions that have economies based on agriculture;

34. although much still remains to be done, welcomes the progress that has been made in terms of entrepreneurship in less-developed regions, and suggests that the Commission continue supporting the current initiatives to promote business development in these regions and that it consider implementing new ones, such as a separate instrument dedicated to networking projects;

35. underlines that additional measures to strengthen and network actors working to promote entrepreneurship in traditional economic sectors, including the craft sector and the cultural and creative industries, rural and peripheral regions, and peri-urban areas would be highly desirable;

36. welcomes the Commission's idea of creating a European platform to connect start-ups with potential partners (alongside existing public and private platforms). This instrument would strengthen the development of networks of entrepreneurial ecosystems and clusters in Europe;

37. welcomes the planned direction for the Commission's work in this field (the Digital Skills and Jobs Coalition, the Blueprint for Sectoral Cooperation on Skills and the big data tool);

38. supports the initiative to extend the Erasmus for Young Entrepreneurs programme to incubators and entrepreneurs in international markets;

39. expresses concern that the communication — which tackles an unusually broad topic — is too superficial when it comes to planned activities and only selectively goes into future actions (e.g. information about the programme of the digital innovation hubs is absent, and a proposal to set up a European Innovation Council is merely alluded to without specifying the way in which it will work);

40. calls on the Commission to put forward more detailed information on the competences that this council is to have, as well as its legislative mandate;

41. notes that ensuring that business and its environment, research circles and public authorities are given proper representation in the European Innovation Council is a key factor determining the quality of its work;

42. encourages the European Commission to analyse the possibility of supporting local and regional authorities in setting up teams composed of experienced representatives of business, who would help develop entrepreneurship and start-up and scale-up businesses in the area administered by the local or regional authority;

43. underlines the important role that local and regional authorities, academia and entrepreneurs themselves (the 'triple helix') have played and will continue to play in spreading an entrepreneurial spirit, constructing a culture of science and innovation in Europe's regions, and building strong regional entrepreneurial ecosystems;

44. calls on the Commission to involve local and regional authorities in the planned analysis of the peer review of the Member States' principles and practices in relation to start-ups and scale-ups. Local and regional authorities are in the closest proximity to local entrepreneurs and it is worth taking advantage of their significant expertise about local business environments;

45. considers that, with the digital single market, competition will take on a new dimension and every region will have to compete with other European entities that benefit from the same legal bases. This, therefore, is an opportunity for start-ups that have not had particularly good opportunities to date to internationalise and access new cross-border markets;

Access to finance

46. points out that start-ups' and scale-ups' recourse to innovative and non-standard solutions means that the effects of implementing them can only be predicted to a limited extent. This also makes it more difficult to access funds from regular programmes;

47. recommends that the Commission should loosen the financing system so that it can be more flexible towards innovative ideas, and that it should encourage bodies that distribute European funds to be more attentive to the selection of experts;

48. welcomes the Commission's idea of creating a European venture capital fund of funds, which might reduce the market fragmentation of venture capital funds in the EU;

49. proposes launching analyses of the possibility of bringing in local venture capital in local and regional authorities;

50. calls on the Commission to promote differentiation between the various sources of funding; venture capital funds, private equity and business angels are still underdeveloped in Europe;

51. commends the proposal to increase the budget for COSME and, with the proviso that no funds are diverted away from the Connecting Europe Facility or the Horizon 2020 programme, in principle also the proposal to increase the budget for EFSI, which allows for additional financing for SMEs in the start-up and scale-up phases. In particular, it would be useful

to promote integration and partnerships between SMEs and start-ups;

52. welcomes the direction of the Commission's measures that aim to create additional incentives for venture capital financing, e.g. by making it possible for private funds or local and regional authorities' funds to benefit from public guarantee when raising debt financing, as this can contribute to increasing equity and debt investments in start-ups and scale-ups;

53. calls for a non-financial support programme for start-ups and scale-ups to be developed at EU level, which will enable new markets to be explored, contributing to an increase in the number of jobs and the further development of innovation within the EU;

54. considers it necessary to enhance a structured European investment ecosystem by means of economic and fiscal support measures that attract and encourage private investment in innovative companies, so that they can develop and grow in optimal economic and financial conditions and achieve a high degree of competitiveness. To this end, it is particularly important to strengthen alternative financing instruments (risk capital, equity loans, guarantees, etc.). A genuine simplification of how financial instruments co-financed by the Structural Funds are implemented is therefore needed;

55. draws attention to the intensive development of crowdfunding platforms as an alternative source of financing for innovative solutions created by start-ups;

56. calls on the Commission to analyse the opportunities and risks of crowdfunding for European society, in particular those that directly impact investors who might not have the same access to information and might be less prepared for this kind of transaction compared to professional investors;

57. points out that a well-designed regulatory framework governing how crowdfunding platforms operate across the entire EU will enable the potential of this source to be fully harnessed. Standards ensuring that investors' interests are protected should be an integral part of this framework;

58. supports the strengthening of Startup Europe and the expansion of its scope beyond the ICT sector and web start-ups. In this regard, the Committee would recommend further simplification in order to provide increasingly smooth and effective guidance to start-ups that want to access the numerous possibilities offered by European programmes;

Start-up activity in areas of particular social importance

59. calls on the European Commission to adopt a strategy — based on existing areas of particular interest such as the silver economy, social entrepreneurship, and the triple helix model — relating to innovative and socially-focused business initiatives that enhance quality of life, so that the system of incentives supports bottom-up activities and social creativity;

60. draws attention to the scope for cooperation between start-ups and scale-ups, on the one hand, and large businesses, on the other. It is important to apply good practice from EU regions, where cooperation leads to synergies between businesses of different sizes and from different sectors;

61. welcomes the Commission's assurance that it will launch a Social Innovation Challenge Platform;

62. points out that linking such a platform with the public procurement system could produce added value, potentially affecting social enterprises' growth rate. However, the system would need to be made more flexible so that problems can be solved creatively — i.e. in an optimal way, from the point of view of the final beneficiaries — and not predictably, in terms of structural indicators.

Brussels, 12 July 2017.

The President
of the European Committee of the Regions
Markku MARKKULA

Opinion of the European Committee of the Regions — Smart Regulation for SMEs

(2017/C 342/08)

Rapporteur: Christian Buchmann (AT/EPP), Member of the Styrian Regional Parliament

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR)

An SME-friendly regulatory environment

1. underlines that SMEs, as Europe's main engines for creating growth and jobs, require a simple, clear, consistent and legally stable regulatory environment as well as an economic environment based on a sufficient level of public and private investment capacities;
2. points out the disproportionate impact of red tape on SMEs, with relative compliance costs in areas such as taxation or reporting obligations higher for SMEs compared with larger companies;
3. therefore forcefully emphasises the need to make the European regulatory environment more SME-friendly by tackling barriers to business creation and growth at all levels;
4. recognises the progress achieved through the Small Business Act for Europe (SBA) of 2008 ⁽¹⁾, the SBA review of 2011 ⁽²⁾, and the Entrepreneurship 2020 Action Plan of 2013 ⁽³⁾;
5. reiterates its support for the Commission's goal to ease VAT registration and reporting obligations as part of the Single Market Strategy, expressed in its Opinion on Upgrading the Single Market ⁽⁴⁾; regrets, however, that local and regional representatives were not formally consulted to ensure that their concerns — e.g. regarding needs of SMEs in cross-border regions — are fully taken into account;
6. underlines the persistent need for a coherent, visible and updated European SME policy, oriented towards results and implementation, building upon and strengthening previous initiatives, and mainstreaming the 'Think Small First' principle across all government levels and policies;
7. therefore reiterates its call for a revised and strengthened SBA and for a stronger role for regions and cities in implementing SBA principles; restates its own commitment to promote SBA implementation through its European Entrepreneurial Region (EER) scheme;
8. notes that the SME envoys network acts as main interface between the European Commission and national policy-makers; calls upon the Commission to formally and systematically include regional and local SME envoys in this network;
9. recognises that the EU has a fundamentally business-friendly regulatory environment; stresses, however, that differences persist as to the time, cost, and number of procedures required to set up a company; calls upon Member States to commit themselves to aligning their respective rules with the best performers, while respecting the subsidiarity principle and after checking suitability; points out that good practices such as, among others, *Iniciativa Lisboa*, which allows a company to be started in 36 minutes, can serve as inspiration in this respect;

⁽¹⁾ Commission Communication: 'Think Small First' — A 'Small Business Act' for Europe, 25 June 2008 (COM/2008/394 final).

⁽²⁾ Commission Communication: Review of the 'Small Business Act' for Europe, 23 February 2011 (COM/2011/78 final).

⁽³⁾ Commission Communication: Entrepreneurship 2020 Action Plan — Reigniting the entrepreneurial spirit in Europe, 9 January 2013 (COM/2012/795 final).

⁽⁴⁾ CoR Opinion on Upgrading the Single Market, CdR 6628/2015, 12.

10. points to the role of clusters in helping small businesses scale up through market testing and analysis, innovation generation, and qualification, and recommends focussed support for these activities through programmes such as COSME;

11. underlines the results of the ECON seminar ‘Smart Regulation — Smart Growth’ in Seggau, Styria, and the subsequent citizens’ dialogue, which point to the need for achieving concrete results through new and innovative approaches;

Mainstreaming the ‘Think Small First’ principle

12. stresses the importance of mainstreaming the ‘Think Small First’ principle across EU policies and the entire decision-making process; calls for weighting impact assessment criteria more strongly in favour of SMEs and considering the territorial impact of rules more systematically;

13. underlines that overlapping and contradictory rules in different EU policies — regional policy, state aid, public procurement, environmental protection, tension between cluster support and competition and compliance rules — disproportionately affect SMEs;

14. is concerned about bottlenecks due to incoherent requirements and conflicting definitions across EU sectoral policies, such as separate sets of rules linked to procurement, regional and competition policy ⁽⁵⁾, or diverging definitions of innovation in regional and competition policy ⁽⁶⁾;

15. is convinced that the burden of reporting requirements on SMEs cannot be addressed by simplifying a single piece of legislation; therefore urges the Commission and Member States to adopt a holistic approach, based on a comprehensive assessment of all reporting requirements faced by SMEs;

16. suggests exploring options to lighten the load on SMEs through actions such as creating a threshold below which companies have to provide less information, limiting the number of mandatory questionnaires, and avoiding the creation of new questionnaires by incorporating, for example, statistical information into existing ones;

17. welcomes the fact that in the new generation of EU free trade agreements specific chapters are to be dedicated to SMEs with a view to facilitating their access to the other market, including by increasing legal certainty, reducing or removing non-tariff barriers, extending the awarding of contracts on the basis of the best tender, and strengthening protection of intellectual and industrial property rights; draws attention to its opinion on TTIP of 12 February 2015;

Focussing the Better Regulation Agenda and REFIT more strongly on SMEs’ needs

18. welcomes efforts to reduce burden on SMEs in the framework of the Better Regulation Agenda, the REFIT programme, and the Inter-Institutional Agreement on Better Law-Making (IIA);

19. reiterates its concern, expressed in its Opinion on the REFIT Programme ⁽⁷⁾, that elected representatives of local and regional authorities, as well as the CoR as their institutional representation, are not included in the IIA despite the mandate and weight conferred on them by the Lisbon Treaty;

20. welcomes mainstreaming better regulation principles across the policy cycle and extending Impact Assessments (IAs) to the Parliament and Council; regrets that the IIA does not include a commitment by the Council and the Parliament to systematically carry out IAs;

21. stresses that the introduction of amendments or additional rules at later stages of the legislative process or during transposition of EU directives by Member States should go hand in hand with a commitment to conduct IAs, in order to prevent gold-plating and ensure that the REFIT element of a given rule is not watered down;

⁽⁵⁾ Cf. Europa Decentraal (2016). *Bridge! — Better EU regulation for local and regional authorities*.

⁽⁶⁾ Cf. House of the Dutch Provinces (2015). *Dutch Provinces for Better Regulation*.

⁽⁷⁾ CoR Opinion on The REFIT Programme: the local and regional perspective, Cdr 983/2016, 5.

22. recognises the importance of stakeholder consultations in preparing legislative proposals; notes, however, that once consultations have taken place, contributors may be left wondering to what extent their concerns have been taken on board; suggests associating local and regional representatives to IA Boards, to allow them to provide additional scrutiny of Commission proposals;

23. stresses that the institutional role of the CoR within the REFIT Platform should not be confused with other stakeholders; therefore considers that representatives of the CoR commissions should be able to support the CoR representative to the Platform by taking part in Platform meetings concerning dossiers related to their remits;

24. commits itself to mainstreaming better regulation principles across its own work by drawing upon the expertise of relevant thematic commissions when issuing an opinion on a dossier affecting SMEs;

25. notes that the work of the REFIT Platform focuses primarily on specific issues within EU legislation that can be improved without fundamentally changing an entire piece of legislation; considers that this narrow focus should be complemented by a more ambitious approach, aiming for structural improvements to the EU regulatory framework in the medium term;

26. considers that specific priorities in Smart Regulation for SMEs can be identified in SME access to public procurement, and in VAT and taxation rules; also sees a clear need for action in SME access to the Single Market, access to finance, SME support from European Structural and Investment Funds (ESIF), and striking a better balance between SME needs and labour, consumer and environmental protection;

SME participation in public procurement

27. welcomes the simplification of European procurement law introduced through the new procurement directives and the European Single Procurement document⁽⁸⁾; calls upon Member States to ensure full implementation and correct application of the simplified European public procurement law system;

28. points out the significant role played by regional and local authorities in SME access to public procurement and thus considers reducing obstacles to SME procurement as particularly important for regions and cities;

29. is concerned that existing SME-friendly procurement rules are often not used fully; stresses that these rules need to be complemented by good implementation;

30. urges public authorities at all levels to ensure that their tenders are SME- and start-up-friendly in their eligibility requirements and payment modalities by tailoring required guarantees to the characteristics of SMEs, shortening payment delays, and enforcing payment discipline; calls upon public authorities at all levels to commit themselves to common standards of SME-friendly procurement;

31. highlights that good practices including, among others, the Public Procurement Service of the City of Paris, which has significantly increased SME access to public markets and reduced payment delays, can serve as good examples for public authorities at all levels;

32. calls upon all public authorities to promote SME participation in the procurement of innovation by avoiding over-specification, favouring outcome-based specification, making information freely available, and using options such as competitive dialogue and competitive procedure with negotiation, before specifying final terms;

33. highlights the simpler access for SMEs to financial instruments provided for in European programmes, in particular COSME. These programmes are much less complex for SMEs than more traditional funding sources. In this regard, the CoR

⁽⁸⁾ Directives 2014/23/EU, 2014/24/EU, 2014/25/EU, Implementing Regulation (EU) 2016/7.

underlines the importance of the dedicated SME window within the European Fund for Strategic Investments, which could also internally promote funding lines for start-ups and micro-enterprises in need of access to credit;

SME-friendly VAT and taxation rules

34. calls for further simplification and harmonisation of tax rules, which are seen as the most burdensome policy area by a majority of European SMEs;

35. reiterates its support, expressed in its opinion on the VAT Action Plan, for eliminating the VAT exemption for imports of small consignments from third countries and allowing for checks via a single audit of cross-border companies, to remove competitive disadvantages for EU SMEs compared to third-country SMEs resulting from this exemption⁽⁹⁾;

36. underlines that the fragmentation and complexity of the VAT system cause major compliance costs for SMEs involved in cross-border trade and have a particular impact on border regions; therefore calls for further simplification of rules and procedures linked to different VAT regimes in cross-border trade, for an extension of the mini One Stop Shop principle, currently limited to telecommunications, broadcasting and electronic services, to other distance sales of goods and services, and for a common EU cross-border threshold below which VAT would not be applied;

37. calls for a reduction of administrative burden linked to VAT, such as reporting requirements, deadlines, and record retention periods, and for speeding up administrative practices in processing VAT returns;

SME access to the Single Market

38. observes that the Single Market for Services still suffers from many restrictions affecting SMEs, including occupational licensing, establishment rules, fixed or minimum prices, legal form requirements and sector-specific rules; calls for ambitious simplification and harmonisation in the services sector, to promote growth gains resulting from economies of scale, trigger innovation by strengthening import competition, and attract inward investment by reducing market fragmentation;

39. notes that differences in national product market regulations represent a major obstacle for SMEs, as they result in a need to run different product lines in different Member States and hamper the development of pan-European supply chains; calls upon the Commission and Member States to work towards stronger harmonisation in this area;

SME access to finance

40. points out the importance of alternative funding methods for new companies; is concerned that start-up access to crowdfunding has not been fully unleashed due to diverging national regimes making it hard for start-ups to raise funds cross-border, and to the limitations on offering equity to potentially large numbers of investors resulting from the 'cheap' company regimes typically chosen by start-ups;

41. calls for a harmonised regulatory framework creating a European passport for crowdfunding platforms, requiring only a single authorisation from one competent authority within the EU to offer services cross-border, thus allowing for a genuine European crowdfunding market;

SME support from ESIF

42. reiterates its warning, expressed in its opinion on the simplification of ESIF⁽¹⁰⁾, that procedures for using ESIF are getting more and more complex and cumbersome; therefore calls for an urgent simplification of the rules governing the set-up, reporting requirements and audit of financial instruments under ESIF;

⁽⁹⁾ CoR Opinion on the Action Plan on VAT, CdR 2419/2016, 34.

⁽¹⁰⁾ CoR Opinion on the Simplification of ESIF, ref. COR-2016-00008-00-00-AC-TRA.

43. points out that SMEs face particular difficulties in using ESIF resources, as shown by a survey of EER regions conducted in 2016, which identified the participation of SMEs in ESIF-funded projects as single most important priority in making life easier for SMEs;

44. recalls the importance of reducing the regulatory complexity, excessive audit pressure and high execution costs hindering SME support from ESIF, and of simplifying not only specific regulations, but the entire body of delegated and implementing acts, as well as 'soft law' such as guidance notes, for both public authorities and SMEs;

45. underlines that, in order to achieve the objectives of both ESIF and EU SME policy, ESIF rules should be considered from a perspective of proportionality, creating a partnership for simplification taking the interests of all parties into account; calls for a relationship based on trust instead of the fundamental distrust often manifested by EU institutions towards national, regional and local authorities;

Balancing SME needs with labour, consumer and environmental protection

46. stresses the need for a balance between workers' rights, health, safety, consumer and environmental protection on the one hand, and regulatory burdens on SMEs on the other hand;

47. notes that the hiring of a first employee can constitute a particular challenge to a company's growth and scale-up process, and that labour regulations have a greater impact on SMEs than on large companies, making SMEs hesitant about recruiting staff; underlines that new approaches in this area can make a valuable contribution notably to reducing youth unemployment;

48. therefore suggests the creation of a European 'Take One' scheme encouraging the hiring of a first employee by a solo entrepreneur or micro-enterprise through financial incentives and flexible rules; considers that such a scheme could be funded through the COSME programme;

49. urges the Commission to promote measures to simplify regulation for the benefit of craft businesses and micro-enterprises, since currently the overly complex system jeopardises their viability and the important role they play in job creation and the economic development of regions and local communities, not to mention their role in protecting cultural and local heritage;

50. considers the scope of the definition of off-premises contracts in the Consumer Rights Directive as too broad, potentially harming craftsmen who are called into a home by a consumer; therefore calls for a more focused definition taking account of the needs of SMEs and micro-enterprises;

Innovative approaches to regulation

51. underlines that Smart Regulation does not necessarily mean less regulation, which may imply a risk of uncertainty and regulatory fragmentation, but rather clearer and simpler rules making life easier for SMEs while allowing policy objectives in a given area to be achieved;

52. stresses the importance of innovation-friendly rules that create room for experimentation where appropriate, including through the creation of limited-rules zones for pilot projects and the introduction of sunset clauses in innovative and fast-changing fields, as shown, inter alia, by the example of Flanders;

53. emphasises that approaches such as voluntary self-regulation — consisting of voluntary agreements, pledges or codes of practice — can foster a culture of cooperation between business and government; considers that the work of the Scottish Regulatory Review Group can serve as good example to public authorities at different levels;

54. highlights the Danish Burden Hunter project as good practice at national level that allows identifying barriers in direct dialogue and jointly seeking solutions; calls upon the Commission to take full account of examples of this kind and promote their use and transfer where possible;

55. stresses the need to encourage entrepreneurial thinking at all government levels and to enable innovative bottom-up solutions by creating a 'right-to-challenge' mechanism allowing local and regional authorities to temporarily suspend existing rules to test alternative solutions, when there is evidence indicating that their objectives may be better achieved through an innovative approach.

Brussels, 13 July 2017.

*The President
of the European Committee of the Regions*
Markku MARKKULA

Opinion of the European Committee of the Regions — A European Strategy for Low-Emission Mobility

(2017/C 342/09)

Rapporteur: József Ribányi (HU/EPP), Vice-President of the County Council of Tolna Megye

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR)

1. welcomes the fact that the current strategy is a multidisciplinary, comprehensive approach that includes sociological and economic aspects, innovations in the energy, infrastructure and digital sectors, industrial competitiveness and skills development;
2. endorses the objectives of the strategy, which had already been set out in the 2011 White Paper ⁽¹⁾, namely to reduce greenhouse gas emissions from transport by at least 60 % compared to 1990;
3. nevertheless, suggests that the strategy, in accordance with the 2011 White Paper, should take into account the progress made from 2011 onwards in terms of improving the transport system's efficiency and the current EU 2030 energy and climate policy framework as well as the commitments made by the EU in the context of the 2015 Paris agreement;

OPTIMISING THE TRANSPORT SYSTEM AND IMPROVING ITS EFFICIENCY

Digital mobility solutions

4. emphasises that by harnessing the potential of digital technologies it will be possible to optimise transportation and set up a multimodal trans-European transport (TEN-T) network. The prerequisites are intelligent transport systems (ITSs) and infrastructure. It is also important to take account of ecosystems reflecting local environmental characteristics and ensure the involvement of LRAs in the implementation phase;
5. highlights that European cities and regions, by playing an active role in establishing smart telecommunications and transport infrastructure, may ensure the efficient use of connected and automated vehicles along the corridors of the TEN-T network which crosses the borders and territories of the Member States within urban areas in delivery of SUMPS and regional sustainable transport master plans;
6. acknowledges that IT solutions shape transport business models and patterns. LRAs should apply easy to use, inclusive IT solutions in order to deploy ITSs in their 'smart city' and area mobility developments;
7. draws attention to the need for simplified databases and interconnection among them by proposing development of European standards which can facilitate interoperability of data, services and technical solutions at all levels. This data should be provided and guaranteed by the relevant regional transport authorities within a single data compression system;

Fair and efficient transport pricing

8. considers that LRAs have significant legal and financial competences in their own right (e.g. using parking spaces, bus lanes, procurement benefits, 'green' registration plates or tariff reductions on tolls) that can influence consumer preferences and choices, encouraging the use of alternative fuel vehicles. It would warn the Commission that these tools are restricted

⁽¹⁾ White paper — Roadmap to a Single European Transport Area — Towards a competitive and resource efficient transport system. Brussels, 28 March 2011, COM(2011) 144 final.

by the conditions imposed on the use of the ESI Funds as they do not allow subsidies to be granted for the renewal of private vehicle fleets. The effect of this is that renovation is delayed and opportunities for transport efficiency and competitiveness and better air quality in cities, by means of energy and environmental improvements, for example in taxi services or last mile deliveries, are being missed;

9. highlights that, for pricing purposes, information on transport available from different mobility-related sources must be harmonised. Integrated ticketing still faces obstacles against its wider use as modes of public transport differ in terms of profitability. The cost of introducing integrated pricing may decrease or turn the overall financial profits of a given transport mode into overall financial losses;

10. warns that despite the considerable efforts and resources that have been mobilised to support public and multimodal transport, information available to passengers using multimodal transport is entirely inadequate. The situation is even worse with regard to ticketing services. This is not because it would be impossible from a technical point of view to provide detailed and user-friendly information on multimodal transport or services, or to provide users with information on ticketing; rather, it is due to the unwillingness of public transport operators to provide information and services. The EU should therefore pass legislation making it mandatory to publish timetables and other travel information and to make this information fully accessible to all EU citizens in such a way that they can all use it as easily and effectively as possible; draws attention in this connection to the European Committee of the Regions opinion on Multimodal travel information, planning and ticketing services, CdR 4895/2014;

11. all transport modes should contribute, in proportion with the amount they pollute, to the external costs that they cause, following the polluter pays principle;

12. points out that power grids, electricity storage, trade, and the management of public infrastructure will all need to be modernised, along with transport rules and vehicle taxation, to be properly equipped for new and innovative transportation modes, including battery or hydrogen fuel cell. In this regard, interoperable and easy payment solutions for charging these kinds of electric vehicle are also recommended;

13. draws attention to the fact that the tax exemption system applied to aviation fuel and international flight tickets represents a clear market distortion in the transport sector. Calls for EU Member States to discuss the existing international fuel taxation system with the International Civil Aviation Organisation so as to ensure consistency with international climate change commitments, without prejudice to recognition of the specific features and interests of outermost regions;

Promoting multimodality

14. encourages, in the context of SUMP, multimodality and coordinated use of low- or zero-emission urban-regional transport and logistics, and rail, maritime and river transport. In particular the shift from road transport to other, lower emissions modes would have significant potential in terms of lowering emissions. In any case, modal shift solutions involving low-emission mobility should receive high priority, for instance, by reconsidering existing hidden or open subsidies to road transport;

15. calls for a new approach to short sea shipping by developing the use of ecological bonus schemes and considering motorways of the sea as infrastructures which should be subject to an adapted approach in relation to state aid controls. This approach is particularly crucial for areas which remain peripheral to European transport corridors;

16. in this regard, specific thought should be given to urban nodes and logistic platforms as defined by the TEN-T (basic and general network) and by the 2013 CEF Regulation, given their role as a cornerstone of sustainable and intermodal mobility at Member State, regional and EU level. It is therefore proposed that a debate on this issue be held in the various European forums on multimodal corridors where the question of nodes is specifically addressed;

17. supports the EU playing an active role in the International Civil Aviation Organisation and the International Maritime Organisation to reduce emissions of the maritime and aviation sectors. The development and deployment of new, lower emission technologies should be promoted;

SCALING UP THE USE OF LOW-EMISSION ALTERNATIVE ENERGY FOR TRANSPORT

An effective framework for low-emission alternative energy

18. encourages, by supporting the development of the energy sector, the introduction of alternative energy sources in transport, paving the way to 'zero-emissions' transport;

19. underlines that Member States, regions and municipalities are encouraged to invest in alternative energy for transport through non-reimbursable grants under the cohesion policy, while complying with the principle of technological neutrality laid down by Directive 2014/94/EU on alternative fuels infrastructure;

20. advocates a broader uptake of advanced renewable biofuels that are produced in an environmentally friendly manner and generate lower carbon emissions than traditional fossil fuels, in order to decarbonise the transport sector. In this connection, non-food (synthetic) or feed-based biofuels should be given priority. The expected positive impacts are work opportunities and job creation in rural and less developed areas, in addition to producing extra economic value added. As advanced biofuels are currently not considered competitive sources of energy without support, their production should be subsidised to compete with fossil fuels or food-based biofuels;

21. points out that the Directive on the deployment of alternative fuels infrastructure⁽²⁾ has already set out mandatory requirements regarding the use of electricity, natural gas and hydrogen to fuel vehicles;

22. stresses that alternative energies, biomethane and biofuels currently available will partly replace conventional diesel- or petrol-powered vehicles. This enhances energy security by reducing demand for conventional fuels;

23. calls for a widely acceptable definition of biofuels and the adoption, in connection with this, of a set of criteria on sustainability and carbon dioxide reduction that would boost legal certainty, and support law enforcement and investment decision-making in production and use of biofuels;

24. advises that it is important to take into account specific national, regional and local situations, and the different raw materials available locally and regionally. The total energy balance (including fuel production) should be taken into account when regulating use of alternative fuels from renewable resources;

25. emphasises that from a regional and local point of view the ideal low emission alternative energy should be locally produced, and stored and used/consumed locally, too. Producing low emission alternative energy and storing it for local consumption is even more important for remote regions such as islands and the outermost regions, in order to reduce their external dependency;

The roll-out of infrastructure for alternative fuels

26. stresses that low- or zero-emission mobility is expected to revolutionise transport in terms of networks, vehicles and fuels. The prerequisite of that is cheap, accessible energy and fuels. In addition to electric and hydrogen engines, which offer a non-polluting option, advanced biofuels which do not compete with foodstuff production and are produced in an environmentally friendly manner have an important role to play in the achievement of the emission reduction targets. Hence the focus should be mainly, but not exclusively, on developing affordable charging infrastructure for electric and hydrogen fuel cell vehicles, given the gas's fuel function and storage capacity. However, support should also be given — in the form of financial incentives — to low emission technologies using, for example, advanced biofuels;

27. recommends that binding deadlines be set for all levels of public administration by which tenders for the purchase of new vehicles for their fleets and public transport service concessions must be exclusively for alternative energy vehicles;

⁽²⁾ Directive 2014/94/EU of the European Parliament and of the Council of 22 October 2014 on the deployment of alternative fuels infrastructure.

28. calls for the need for a strategy to promote the use of LNG in maritime transport and trade by strengthening support for the adaptation of port infrastructures and by developing a general approach to innovation and financing equipment for ships enabling the use of LNG and methanol produced from the processing of waste;

29. advocates the need for dock electrification in order to reduce CO₂ emissions from ships moored in port with their engines switched on, which accounts for a large share of pollution in port cities;

30. notes that electric transportation and electric recharging infrastructure for recharging electric battery or hydrogen fuel cell vehicles could be deployed very quickly in urban areas and conurbations where local authorities deem it appropriate. Electric transportation infrastructure needs to be constructed along the strategic routes linking regions of Europe as cross-border electric mobility (e-mobility) may overcome internal market fragmentation. Most European islands, for example, represent an ideal location for e-mobility on account of their size. Appropriate deployment of recharging infrastructure could quickly contribute to the large-scale take up of electric mobility in these regions;

31. stresses that locally produced and stored electric energy could provide a stable and inexpensive fuel source to accelerate the transition to low-emission e-mobility. The gradual roll-out of such mobility can address its competitive disadvantage compared to conventional fuels. Decentralised electricity storage integrated into the grid can offer additional services to the electricity system such as helping to overcome the mismatch between the energy supply from renewable sources and the demand for energy at periods of high and low demand or helping to regulate frequency. To this end, it is also necessary to facilitate the active involvement of consumers in managing the electricity system, for example through demand aggregators, removing existing legislative barriers;

Interoperability and standardisation for electric mobility

32. shares the EC's view on introducing common technical and technological standards, taking into account the needs of different Member States and regions. Standardisation will drive interoperability between local transport systems within individual regions and between different regions;

33. is concerned that the development of national implementation plans for the roll out of alternative fuels infrastructure is being done, in most Member States, without the active contribution of the competent regional and local authorities in spite of these plans being a clear case where multilevel governance is needed, and that plans to promote e-mobility are receiving insufficient political and budgetary support;

34. points out that electric vehicle charging stations are to be standardised and calls on the EC to support the roll-out of electric charging stations by developing standards enabling integration of fuelling stations into existing buildings/facilities in keeping with the current legislation in each country;

MOVING TOWARDS ZERO-EMISSION VEHICLES

Improvements in vehicle testing to regain consumer trust

35. welcomes the recent arrangements for measuring and verifying emissions of harmful substances from vehicles, so as to ensure that the environmental performance of vehicles is transparent and reliable. This will help to implement limits on air pollutant emissions and increase consumer confidence. Emission threshold values for passenger cars and light commercial vehicles must be appropriate to ensure the attainment of the objectives and agreements concerning emissions of pollutants and human health;

36. supports the drafting of new guidelines on vehicle labelling, as this helps avoid misleading consumers. Rules on how values measured via the new Worldwide Harmonised Light Vehicles Test Procedures (WLTP) and the old procedure (New European Driving Cycle — NEDC) need to be clarified and should be displayed. Amending not only the guidelines, but also the Directive on labelling⁽³⁾, should be considered. Similarly, the Directive on the Promotion of Clean and Energy Efficient

⁽³⁾ Report from the Commission to the European Parliament and the Council — Review of Directive 2010/30/EU of the European Parliament and of the Council of 19 May 2010 on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products. Brussels, 15 July 2015, COM(2015) 345 final.

Road Transport Vehicles ⁽⁴⁾ needs to be overhauled to keep up with the latest technical developments;

Post-2020 strategy for cars and vans

37. stresses that measures encouraging the introduction of e-mobility should be established with quantitative parameters and be time-bound in order to ensure that the transition takes place;

Post-2020 strategy for lorries, buses and coaches

38. considers that public transport should continue to gain ground on private cars and therefore proposes that the transition towards e-mobility and the use of other fuels considered by the EU to be alternatives to petroleum derivatives be accelerated by prioritising production and use of electric buses and trams, including those powered by hydrogen fuel cells, together with the use of natural gas for buses and coaches, thus reducing carbon dioxide emissions from buses. With regard to long-distance freight transport, proposes that the transition of lorry fleets from diesel to natural gas be speeded up, as this is the only fuel capable of replacing diesel, with almost zero polluting emissions and less carbon content than diesel;

39. welcomes efforts by the EC to promote the Clean Bus Deployment Initiative in the EU, with a view to supporting better information exchange and market scale by providing a platform for cities, regions, operators and manufacturers. It strengthens the confidence of European bus manufacturers in the future demand for clean, alternatively fuelled buses, makes better use of forthcoming public tenders and is more effective at seeking financing solutions for larger tenders through e.g. the European Investment Bank;

40. thinks it necessary to increase EU aid intensity, to improve synergy among the financial resources from the European Fund for Strategic Investments (EFSI), the Connecting Europe Facility (CEF) and the European Structural and Investment (ESI) Funds, and to make use of subsidies. This would facilitate the rapid replacement of current, polluting public transport fleets and ensure the best use of all available EU funding;

Air transport and track-based transport

41. emphasises the advantages of track-based modes of transport operated using renewable electric energy or alternative fuels, provided they are economically sustainable;

42. points out that the necessary infrastructure must be put in place both locally and regionally, in those regions where rail is less developed, so that they can make use of rail transport under the same conditions as the rest of the Member States with a view to creating a Single European Railway Area;

AN ENABLING ENVIRONMENT FOR LOW-EMISSION MOBILITY

Energy Union: linking the transport and energy systems

43. is pleased to note that the strategy is considered as a good step within the 2030 climate and energy framework adopted by the Council of the EU on 23-24 October 2014 ⁽⁵⁾, and with the Paris Agreement adopted on 12 December 2015 at the 21st Conference of the Parties to the UN Framework Convention on Climate Change ⁽⁶⁾, by linking two major players within the EU: transport on the demand side, and key players in the field of energy production and transmission on the supply side;

⁽⁴⁾ Directive 2009/33/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of clean and energy-efficient road transport vehicles. Directive 2009/33/EC.

⁽⁵⁾ Conclusions of the European Council (23-24 October 2014). Brussels, 24 October 2014, EUCO 169/14.

⁽⁶⁾ Paris COP21 agreement, 30 November-11 December 2015.

44. considers that the Clean Energy for All Europeans package ⁽⁷⁾ is part of EU's efforts to: lead the way towards smarter and cleaner energy for all, support economic growth, investment and technological leadership, create new workplaces and improve citizens' welfare in EU regions and cities;

Research, innovation and competitiveness

45. considers that e-mobility is one of the driving forces for innovation and technological development, having immediate benefits and playing a key role in reducing environmental impact;

46. believes that the transition to low-carbon transport can be achieved primarily through regional and cohesion policy. By investing in research and innovation, regions and municipalities can support low-emission renewable energies, smart grids and sustainable urban transport;

47. supports capitalising on the results of the Horizon 2020 Framework Programme for Research and Innovation (H2020) for more innovative low-emission mobility solutions involving services/investments;

48. encourages the development of innovative technologies for LNG tanks in ships and passenger coaches to optimise the efficiency of storage of this substitute fuel and calls for the financing of demonstration on freight and passenger vessels and long-distance passenger coaches to this end;

49. also encourages the development of innovative technologies enabling the use of biofuels such as methanol which is produced from the processing of waste, including in the engines of cargo and passenger ships and therefore calls for funding for this;

50. also calls for funding for dock electrification, and above all, a binding regulatory framework that applies in all EU ports;

Digital technologies: Intelligent Transport Systems (ITS), connected and self-conducting vehicles

51. notes that IT solutions promote mobility based on the combined use of all modes of transport for passengers and freight (e.g. integrated ticketing and toll systems, intermodal freight transport documents, electronic route planning, real-time passenger information, etc.);

52. notes that the emergence of connected and automated (self-conducting) vehicles using digital technology may offer many opportunities for tackling the negative effects of transport and for providing public transport in more sparsely populated areas; calls strongly for measures on connected and automated driving to be implemented, in accordance with the Amsterdam Declaration ⁽⁸⁾; welcomes the adoption of the EU strategy on cooperative intelligent transport systems on 30 November 2016 in this regard ⁽⁹⁾; calls in this connection for a more coherent vision of innovative sustainable transport developments and for stronger links between the Commission's various closely related work packages and communication concerning them;

53. stresses that European regions want to be involved in establishing smart telecommunications and transport infrastructure. By doing so, connected and automated vehicles can be used efficiently and without hindrance along the corridors of TEN-T, and in urban and rural regions;

54. emphasises that the proportionality and subsidiarity principles should empower LRAs to decide if and how to deploy ITSs and clean vehicles, as recognised by the EU Urban Mobility Action Plan, to decrease their transport emission and congestion problems, and to promote social inclusion;

⁽⁷⁾ Clean Energy for All Europeans — unlocking Europe's growth potential. EC Press Release database. http://europa.eu/rapid/press-release_IP-16-4009_en.htm

⁽⁸⁾ Declaration of Amsterdam — Cooperation in the field of connected and automated driving, 14-15 April 2016.

⁽⁹⁾ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions a European strategy on cooperative Intelligent Transport Systems, a milestone towards cooperative, connected and automated mobility, Brussels, 30.11.2016 COM(2016) 766 final.

Skills

55. recognises that the shift towards low-emission mobility creates challenges for the labour market, and therefore it is a priority to ensure that the workforce is retrained for new jobs. Despite high unemployment rates, there is a shortage of staff in many important areas of the transport sector as result of a lack of digital skills;

56. regrets that the proposals set out in the previous 2009 communication on urban mobility as regards local authorities developing sustainable urban mobility plans (SUMP) are not included in the current communication. Therefore highlights the need to make it clear, both within this strategy and in the initiatives and acts implementing it, that the integrated planning of cities is a key factor in developing sustainable mobility, including through the design and implementation of sustainable urban mobility plans;

57. stresses the importance of dual training systems, proposes intensive exchange of experience between EU regions on good practices in the area of low-emission mobility, involving vocational education and businesses;

Investment

58. welcomes the fact that innovation and development of infrastructure are at the heart of the European Fund for Strategic Investments (EFSI) objectives for incentivising combined (public-private) investments for transport and infrastructure. EFSI, in combination with non-reimbursable grants from the European Structural and Investment Funds (ESIF), could provide for more intensive participation of local and regional levels in such projects, be they on a small or large scale;

59. proposes increasing the amount and share of funds for low-emission transport in Horizon 2020, as well as in the Connecting Europe Facility (CEF), when planning the next Multiannual Financial Framework. CEF should be further promoted as it offers considerable leverage: every euro of CEF grant spent generates EUR 3-3,5 in low-emission transport investment;

60. points out that public-private partnership-based developments, and those carried out by public authorities, in cities and regions could provide the necessary leverage for the effective funding and operation of low-emission mobility solutions; also proposes that the use of EFSI and ESIF for local, innovative and low-emission transport solutions should be prioritised. Non-reimbursable grants should be made available for the above purposes in the post-2020 Strategic Reference Framework;

61. highlights that LRAs have a key role in stimulating local energy production, as well as in integrated and intelligent energy grids. ESIF should facilitate necessary investments through non-reimbursable grants, primarily in the less developed EU regions which lag most behind;

62. notes that the Investment Plan for Europe also provides public financing for low-emission transport projects and smart grids between early 2015 and the end of 2017;

Action by cities

63. proposes that urban and interurban planning practices of European towns and cities should, within SUMP, include the designation of areas for low-emission transport and mobility. Active transport (cycling and walking), public passenger transport solutions, car sharing and pooling should be given preference in urban planning; therefore calls for a forward-thinking EU transport investment policy, that should improve public health and that invests, with full consideration of the Paris Agreement at COP 21, at least 10 % of the EU's transport funds in cycling in those regions where geographical conditions allow;

64. proposes prior study of the mobility generated by urban and regional planning in metropolitan areas. The density of cities and their metropolitan areas needs to be increased in order firstly, to reduce the need for movements by motor vehicle by bringing services closer to the population and secondly, to enable improvement of public transport networks, by boosting their social and economic efficiency and their use;

65. stresses that spatial planning is a very important element in low-emission mobility. It is settlement structure and the design of the urban environment that provide the topographical conditions enabling low emission mobility to develop over the long term. It is recommended, where the LRAs have spatial planning powers under the Member States' legal or constitutional systems, that their regional, supramunicipal or metropolitan operational plans include initiatives of this type;

66. acknowledges that cycling, in accordance with the CoR opinion on 'An EU roadmap for cycling' ⁽¹⁰⁾, should be strengthened as a transport mode by increasing the role of EU public funding made available for cycling transport projects and reiterates its call for an EU Roadmap for Cycling to be included in the Commission Work Programme 2018. As active promoters of cycling and, in that connection, of green procurements too, municipalities can enhance their own role in the fight against climate change by participating in initiatives such as European Green Capital or Science Meets Regions. Proposals could be put forward to integrate specific, major sections of cycling transport routes into the TEN-T network;

67. highlights that, in accordance with the Energy Performance of Buildings Directive ⁽¹¹⁾, new buildings erected in the EU should include electric vehicle charging points (preferably with storage facility). Similarly, refurbishment of blocks of flats should involve such construction activities ⁽¹²⁾;

68. notes that the installation of smart charging systems in buildings could help to ensure that power grids remain flexible, i.e. the energy stored in batteries of electric vehicles could be uploaded to the network. A holistic approach is required that, for instance, treats electric vehicles as integral parts of the building stock;

69. highlights that cities and towns, are the main transport stakeholders in terms of population centres and notes that urban mobility problems cannot be solved with a sectorial approach only. Therefore recalls the real added-value for LRAs when drafting their Sustainable Urban Mobility Plans (SUMPs ⁽¹³⁾) at the same time as their Sustainable Energy Action Plans (SEAP), for account to be taken of the link between the urban dimension of transport policy and the broader concept of spatial planning which include an inventory of the real and the ideal local energy mix. These local efforts could receive professional guidance and assistance by the Covenant of Mayors, in order to create more inclusive local transport with less air and noise pollution;

70. similarly, where the regions have spatial planning powers under their legal or constitutional systems, it is recommended that their sustainable urban and interurban mobility plans include initiatives of this type;

71. proposes that thematic European city networks be established for the promotion of low-emission mobility. Such networks would enable local enterprises and even the general public to be more involved in implementing low-emission mobility developments, for example by providing shared mobility services. By using up-to-date IT solutions, these city networks can also mobilise relevant target groups for the wider delivery of low-emission mobility.

Brussels, 13 July 2017.

*The President
of the European Committee of the Regions*

Markku MARKKULA

⁽¹⁰⁾ An EU Roadmap for Cycling, Committee of the Regions. Adopted on 12 October 2016.

⁽¹¹⁾ Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings.

⁽¹²⁾ Ongoing opinion ENVE-VI-019 on 'Energy Efficiency and Buildings' (M. Rijsberman ALDE/NL).

⁽¹³⁾ CoR opinion on the SUMPs COTER-V-048 on the Urban Mobility Package.

III

(Preparatory acts)

COMMITTEE OF THE REGIONS

124TH PLENARY SESSION, 12-13 JULY 2017

Opinion of the European Committee of the Regions — Coordination of Social Security Systems

(2017/C 342/10)

Rapporteur:	Ulrike Hiller (DE/PES), Member of Bremen Senate
Reference document:	Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 883/2004 on the coordination of social security systems and Regulation (EC) No 987/2009 laying down the procedure for implementing Regulation (EC) No 883/2004 (Text with relevance for the EEA and Switzerland)
	COM(2016) 815 final

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

Proposal for a Regulation

Recital 6

Text proposed by the Commission	CoR amendment
Long-term care benefits have so far not been included explicitly within the material scope of Regulation (EC) No 883/2004 but coordinated as sickness benefits, leading to legal uncertainty both for institutions and persons claiming long-term care benefits . There is a need to develop a stable legal framework appropriate to long-term care benefits within the Regulation to include a clear definition of such benefits .	Long-term care benefits have so far not been included explicitly within the material scope of Regulation (EC) No 883/2004 but coordinated as sickness benefits. There is a need to develop a stable legal framework appropriate to long-term care benefits within the Regulation.

Reason

Increased coordination of long-term care benefits is to be welcomed. Moreover, it is not currently possible to draw a clear and uniform distinction between nursing and long-term care benefits, as the rules of the various Member States differ.

Further coordination requires that long-term care benefits be recognised and developed in all Member States as a form of benefit complementary to sickness benefits. At present, therefore, adaptation of Article 34 should be preferred to the introduction of a separate chapter covering long-term care.

Amendment 2

Proposal for a Regulation

Article 1(3), first paragraph

Text proposed by the Commission	CoR amendment
<p>After Recital 5, the following is inserted:</p> <p>(5a) The Court of Justice has held that Member States are entitled to make the access of economically inactive citizens in the host Member State to social security benefits, which do not constitute social assistance within the meaning of Directive 2004/38/EC subject to a legal right of residence within the meaning of that Directive. The verification of the legal right of residence should be carried out in accordance with the requirement of Directive 2004/38/EC. For these purposes, an economically inactive citizen should be clearly distinguished from a jobseeker whose right of residence is conferred directly by Article 45 of the Treaty on the Functioning of the European Union. In order to improve legal clarity for citizens and institutions, a codification of this case law is necessary.</p>	<p>After Recital 5, the following is inserted:</p> <p>(5a) The Court of Justice has held that Member States are entitled to make the access of economically inactive citizens in the host Member State to social security benefits, which at the same time constitute social assistance within the meaning of Directive 2004/38/EC subject to a legal right of residence within the meaning of that Directive. The verification of the legal right of residence should be carried out in accordance with the requirement of Directive 2004/38/EC. For these purposes, an economically inactive citizen should be clearly distinguished from a jobseeker whose right of residence is conferred directly by Article 45 of the Treaty on the Functioning of the European Union. In order to improve legal clarity for citizens and institutions, a codification of this case law is necessary.</p>

Reason

The CJEU has held in its judgments referred to above that social security benefits which, pursuant to Article 70 of Regulation (EC) No 883/2004, qualify as special non-contributory cash benefits shall also be considered to constitute social assistance benefits within the meaning of Article 24(2) of Directive 2004/38/EC. To the extent that they also constitute social assistance benefits, the Member State competence provided for there will apply. The proposed amendment seeks to clarify this.

Amendment 3

Proposal for a Regulation

Article 1(3), third paragraph

Text proposed by the Commission	CoR amendment
<p>(5c) Notwithstanding the limitations on the right to equal treatment for economically inactive persons, that arise from the Directive 2004/38/EC or otherwise by virtue of Union law, nothing within this Regulation should restrict the fundamental rights recognised in the Charter of Fundamental Rights of the European Union, notably the right to human dignity (Article 1), the right to life (Article 2) and the right to healthcare (Article 35).'</p>	<p>(5c) Notwithstanding the limitations on the right to equal treatment for economically inactive persons, that arise from the Directive 2004/38/EC or otherwise by virtue of Union law, nothing within this Regulation should restrict the fundamental rights recognised in the Charter of Fundamental Rights of the European Union, notably the right to human dignity (Article 1), the right to life (Article 2), the right to social security and social assistance (Article 34) and the right to healthcare (Article 35).'</p>

Reason

Self-explanatory.

Amendment 4

Proposal for a Regulation

Article 1(13)

Text proposed by the Commission	CoR amendment
<p>Article 12 is replaced by the following:</p> <p><i>Article 12</i></p> <p>Special rules</p> <p>1. A person who pursues an activity as an employed person in a Member State on behalf of an employer which normally carries out its activities there and who is posted within the meaning of Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services ⁽¹⁾ or sent by that employer to another Member State to perform work on that employer's behalf shall continue to be subject to the legislation of the first Member State, provided that the anticipated duration of such work does not exceed 24 months and that the person is not posted or sent to replace another employed or self-employed person previously posted or sent within the meaning of this Article.</p> <p>2. A person who normally pursues an activity as a self-employed person in a Member State who goes to pursue a similar activity in another Member State shall continue to be subject to the legislation of the first Member State, provided that the anticipated duration of such activity does not exceed 24 months and that the person is not replacing another posted employed or self-employed person.[.]</p> <p>⁽¹⁾ OJ L 018, 21.01.1997 p. 1.</p>	<p>Article 12 is replaced by the following:</p> <p><i>Article 12</i></p> <p>Special rules</p> <p>1. A person who pursues an activity as an employed person in a Member State on behalf of an employer which normally carries out its activities there and who is posted within the meaning of Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services ⁽¹⁾ or sent by that employer to another Member State to perform work on that employer's behalf shall continue to be subject to the legislation of the first Member State, provided that the anticipated duration of such work does not exceed 12 months and that the person is not posted or sent to replace another employed or self-employed person previously posted or sent within the meaning of this Article.</p> <p>2. A person who normally pursues an activity as a self-employed person in a Member State who goes to pursue a similar activity in another Member State shall continue to be subject to the legislation of the first Member State, provided that the anticipated duration of such activity does not exceed 12 months and that the person is not replacing another posted employed or self-employed person.[.]</p> <p>⁽¹⁾ OJ L 018, 21.01.1997 p. 1.</p>

Reason

The proposed reduction in the time limit beyond which the law of the host country must apply in full to a posted worker is in line with the adopted CoR position with regard to the Posting of Workers Directive (COR-2016-02881).

Amendment 5

Proposal for a Regulation

Article 1(16)

Text proposed by the Commission	CoR amendment
Article 34 is deleted.	<p style="text-align: center;"><i>Article 34</i></p> <p>Overlapping of long-term care benefits</p> <p><u>1. If a recipient of long-term care benefits in cash, which have to be treated as sickness benefits and are therefore provided by the Member State competent for cash benefits under Articles 21 or 29, is, at the same time and under this Chapter, entitled to claim benefits in kind intended for the same purpose from the institution of the place of residence or stay in another Member State, and an institution in the first Member State is also required to reimburse the cost of these benefits in kind under Article 35, the general provision on prevention of overlapping of benefits laid down in Article 10 shall be applicable, with the following restriction only: if the person concerned claims and receives the benefit in kind, the amount of the benefit in cash shall be reduced by the amount of the benefit in kind which is or could be claimed from the institution of the first Member State required to reimburse the cost.</u></p> <p><u>2. The Administrative Commission shall draw up a detailed list of long-term care benefits which meet the criteria contained in Article 1 (vb) of this Regulation, specifying which are benefits in kind and which are benefits in cash.</u></p> <p><u>3. Two or more Member States, or their competent authorities, may agree on other or supplementary measures which shall not be less favourable for the persons concerned than the principles laid down in paragraph 1.</u></p>

Reason

If a chapter 1a is not introduced (amendment 5), Article 34(2) will need to be redrafted in order to make it clear what form the list to be drawn up by the Administrative Commission should take. See reason for amendment 1 (recital 6).

Information for the secretariat: The original text of Article 34(2) of Regulation (EC) No 883/2004 on the coordination of social security systems reads as follows: '2. The Administrative Commission shall draw up the list of the cash benefits and benefits in kind covered by paragraph 1'.

Amendment 6

Proposal for a Regulation

Article 1(17)

Text proposed by the Commission	CoR amendment
<p>After Article 35, the following Chapter is inserted:</p> <p>'CHAPTER 1a</p> <p>Long-term care benefits</p>	

Text proposed by the Commission	CoR amendment
<p>Article 35a</p> <p>General provisions</p> <p>1. Without prejudice to the specific provisions of this Chapter, Articles 17 to 32 shall apply <i>mutatis mutandis</i> to long-term care benefits.</p> <p>2. The Administrative Commission shall draw up a detailed list of long-term care benefits which meet the criteria contained in Article 1 (vb) of this Regulation, specifying which are benefits in kind and which are benefits in cash.</p> <p>3. By way of derogation from paragraph 1, Member States may grant long-term care benefits in cash in accordance with the other Chapters of Title III, if the benefit and the specific conditions to which the benefit is subject are listed in Annex XII and provided that the outcome of such coordination is at least as favourable for the beneficiaries as if the benefit was coordinated under this Chapter.</p> <p>Article 35b</p> <p>Overlapping of long-term care benefits</p> <p>1. If a recipient of long-term care benefits in cash granted under the legislation of the competent Member State receives, at the same time and under this Chapter, long-term care benefits in kind from the institution of the place of residence or stay in another Member State, and an institution in the first Member State is also required to reimburse the cost of these benefits in kind under Article 35c, the general provision on prevention of overlapping of benefits laid down in Article 10 shall be applicable, with the following restriction only: the amount of the benefit in cash shall be reduced by the reimbursable amount for the benefit in kind which is claimable under Article 35c from the institution of the first Member State.</p> <p>2. Two or more Member States, or their competent authorities, may agree on other or supplementary measures which shall not be less favourable for the persons concerned than the principles laid down in paragraph 1.</p> <p>Article 35c</p> <p>Reimbursement between institutions</p> <p>1. Article 35 shall apply <i>mutatis mutandis</i> to long-term care benefits.</p> <p>2. If the legislation of a Member State where the competent institution under this Chapter is situated does not provide for long-term care benefits in kind, the institution which is or would be competent in that Member State under Chapter 1 for the reimbursement of sickness benefits in kind granted in another Member State shall be deemed to be the competent one also under Chapter 1a.’</p>	

Reason

See reason for amendment 1 (recital 6)

Amendment 7

Proposal for a Regulation

Article 1(22)

Text proposed by the Commission	CoR amendment
<p>2. By way of derogation from paragraph 1, a wholly unemployed person who, during the last activity as an employed or self-employed person, resided in a Member State other than the competent Member State, and who had not completed at least 12 months of unemployment insurance exclusively under the legislation of the competent Member State shall make himself or herself available to the employment service of the Member State of residence. Such a person shall receive benefits in accordance with the legislation of the Member State of residence as if he or she had completed all periods of insurance under the legislation of that Member State. Those benefits shall be provided by the institution of the Member State of residence. Alternatively, a wholly unemployed person referred to in this paragraph, who would be entitled to an unemployment benefit solely under the national legislation of the competent Member State if he or she resided there, may instead opt to make themselves available to the employment services in that Member State and to receive benefits in accordance with the legislation of that Member State as if he or she were residing there.</p>	<p>2. By way of derogation from paragraph 1, a wholly unemployed person who, during the last activity as an employed or self-employed person, resided in a Member State other than the competent Member State, and who had not completed at least 12 months of unemployment insurance exclusively under the legislation of the competent Member State shall make himself or herself available to the employment service of the Member State of residence. Such a person shall receive benefits in accordance with the legislation of the Member State of residence as if he or she had completed all periods of insurance under the legislation of that Member State. Those benefits shall be provided by the institution of the Member State of residence.</p>

Reason

The exception has no effect if no entitlement arises from a short (less than twelve months) period of employment. It would then be superfluous. If, however, an entitlement were to arise, i.e. in connection with periods of employment in other Member States which are to be taken into account under Article 6, it would need to be shown why the Member State of residence should be required to provide the benefits, given that other Member States had received the contributions. This provision is also out of step with the rules proposed in Article 64, which provide for the export of benefits in such cases.

Amendment 8

Proposal for a Regulation

Article 2(11), first paragraph

Text proposed by the Commission	CoR amendment
<p>The following paragraphs are inserted after Article 19(2):</p> <p>3. Whenever an institution is asked to issue the attestation referred to above, it shall carry out a proper assessment of the relevant facts and guarantee that the information on the basis of which the attestation is provided is correct.</p>	<p>The following paragraphs are inserted after Article 19(2):</p> <p>3. Whenever an institution is asked to issue the attestation referred to above, it shall carry out a proper assessment of the relevant facts.</p>

Reason

Institutions cannot guarantee that the information is correct. They have to rely on the information duly provided by the employer. In particular, the issuing authorities cannot be held liable for any incorrect information, if they themselves have been misinformed.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR)

General comments

1. expresses its support for free and fair labour mobility and therefore welcomes the revision of the rules on coordinating social security against the background of the increasing mobility of EU citizens within the EU;
2. notes that the free movement of workers, being negative single market integration, has to be complemented by coordination of social security, which is positive integration, in line with the European Charter of Fundamental Rights and the case law of the European Court of Justice (CJEU);
3. considers the European Commission's proposal for a Regulation (EC) No 883/2004 on the coordination of social security systems and its proposal for a Regulation (EC) No 987/2009 laying down the procedure for implementing Regulation (EC) No 883/2004 to be generally appropriate and helpful and therefore approves them;
4. would remind the Commission about its better regulation initiative and points out that the complex set of rules in Regulations 883/2004 and 987/2009 must remain understandable so that the legal situation is clear to both the authorities and the public;
5. stresses the importance of regional advisory and support networks for mobile EU citizens. These are essential to prevent the exploitation of mobile workers and organised fraud. The CoR calls for these networks to be strengthened;
6. stresses that the Commission's proposal is necessary in order to ensure freedom of movement of workers. Due to the clear legal basis in TFEU Article 48, there are no subsidiarity issues in relation to the Commission proposal. Indeed, the objectives of the proposed action cannot be sufficiently achieved by the Member States, but can by reason of the scale and/or effects of this action be better achieved at EU level, as the proposed action involves trans-national aspects that cannot be properly regulated by Member States and/or regional and local authorities acting alone;
7. stresses its strong interest in the continuation of the technical dialogue with the Commission on this issue and, in this connection, underlines the importance of the impact assessment report that the Commission will submit in due course, on the basis of its cooperation agreement with the CoR;

Posting of workers

8. takes note of the progress in regulating posting and certification of posting. It welcomes the fact that the Commission, with the introduction of Article 76a, is to be empowered to adopt implementing acts in accordance with TFEU Article 291, under which a standard procedure is to be laid down for the issuance, contestation and withdrawal of the portable document A1 (also known as an A1 attestation), so as to hinder misuse thereof. The aforementioned procedure can in particular be suitable for helping avoid various procedures, from lengthy litigation to infringement proceedings, and thus contribute to a stable legal situation within European Union;
9. would point out that the proposal in hand for amending Regulation No 883/2004 with an update to the arrangements for issuing the A1 attestation constitutes a key element for better protection against the social abuse of posted employees, as part of parallel work revising the Posted Workers Directive 96/71/EC. With a view to the importance of this aspect, each step towards a binding, clear and direct shaping of the way the A1 attestation is granted in the future is particularly important and should be given due consideration;
10. in connection with the posting of workers, would point out that social security depends to a considerable extent on the clarification of rules and definitions, for which reason an unambiguous definition of key terms such as 'self-employment' and 'place of business' would be helpful for dealing effectively with problems relating to 'bogus' self-employment or letterbox companies;

11. reiterates in this regard the Committee's view that the time limit beyond which the law of the host country applies in full to employment relationships in posting situations should be 12 months ⁽¹⁾;

12. regrets the delay in introducing the Electronic Exchange of Social Security Information (EESSI); considers pan-European electronic data interchange to be essential;

Sickness and long-term care benefits

13. notes that the coordination of long-term care benefits extends the scope of coordinating law, which is necessary in order to achieve the objectives of the proposed action; the ban on overlapping of sickness and long-term care benefits is likely to be difficult to implement, however;

14. notes that the protection of a sick person residing in a Member State has to be ensured, even if that person does not have legal right of residence; points out, however, that it is often difficult to obtain recognition of foreign sickness insurance cover under current EU law and that in some Member States people in precarious employment are often — wrongly — refused any kind of sickness insurance cover;

15. welcomes, therefore, the fact that entitlement to sickness insurance cover for economically inactive and needy EU citizens will be conditional merely on actual residence in a Member State rather than legal residence. In this regard, the host Member State's right to reimbursement by the competent Member State must be established;

Unemployment benefits

16. considers the new rules on coordination of unemployment benefits to be appropriate. Although the exception concerning short-term employment of less than twelve months provided for in Article 65(2) of Regulation No 883/2004 may not be necessary strictly speaking, it clarifies the text;

17. welcomes the planned extension of the possibility to export unemployment benefits from three to six months. It would, however, point out that this should be coupled with appropriate active labour market policies (ALMPs), constituting a key element of the so-called 'activation strategies', which address the interplay between unemployment insurance and assistance systems, ALMPs and benefit conditionality. The CoR considers it necessary to clarify how Member States should be able to extend the export period beyond the applicable provisions of European law. The CoR has concerns about the special provision regarding employment periods shorter than twelve months;

Family benefits

18. stresses that all EU citizens have a right to family-social benefits in the country where they are registered, employed or subject to tax, although there may be considerable divergences about family-social entitlements amongst Member States;

Special non-contributory cash benefits

19. acknowledges the competence arising from the CJEU's case law on the powers of the Member States to determine the social assistance entitlements of economically inactive persons and welcomes the statement that these determinations shall comply with European fundamental and human rights. It is welcome that these persons will in future not be excluded from sickness insurance cover on the basis of actual residence and notes that they may be allowed to contribute in a proportionate manner to a scheme for sickness coverage on the basis of their habitual residence. The question remains, however, as to what justification would be needed for restriction of, or complete exclusion from, social assistance. At the same time, the extension of this principle to persons who are actually resident in a Member State other than their own entails regulating its application, also with a view to establishing equal conduct and responsibility for Member States;

Cross-border workers

20. regrets the lack of reliable data and information on the number of cross-border workers as described in the legal definition in Regulation (EC) No 883/2004;

⁽¹⁾ Opinion on the Revision of the Posting of Workers Directive (COR-2016-02881).

21. points out that the border regions have extensive experience of mobile workers. The CoR calls on the Commission and the Member States to make use of this experience. In this connection, the Committee invites the Commission to strengthen the support services for cross-border labour mobility provided by EURES — including through existing EURES Cross-border Partnerships, while encouraging the creation of new ones — and to enable these services to gather reliable information on the number and profile of cross-border workers and their employers.

Brussels, 12 July 2017.

*The President
of the European Committee of the Regions*
Markku MARKKULA

Opinion of the European Committee of the Regions — Territorial classification and typologies

(2017/C 342/11)

Rapporteur: Mieczysław Struk (PL/EPP), President of the Pomeranian Region

Reference document: Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 1059/2003 as regards the territorial typologies (Tercet)

COM(2016) 788 final

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

COM(2016) 788 final

Article 1

Amend paragraph 1

Text proposed by the Commission	CoR amendment
<p>Article 1</p> <p>Regulation (EC) No 1059/2003 is amended as follows:</p> <p>(1) Article 1 is replaced by the following:</p> <p>‘Article 1</p> <p>Subject matter</p> <p>1. This regulation establishes a common statistical classification of territorial units (NUTS), in order to enable the collection, compilation and dissemination of harmonised statistics at different territorial levels of the EU.</p> <p>2. The NUTS classification is set out in Annex I.</p> <p>3. Local administrative units (LAU), as referred to in Article 4, shall complement the NUTS classification.</p> <p>4. Statistical grids, as referred to in Article 4a, shall complement the NUTS classification. They shall be used to calculate population-based territorial typologies.</p> <p>5. Union territorial typologies, as referred to in Article 4b, shall complement the NUTS classification by attributing types to the territorial units.’;</p>	<p>Article 1</p> <p>Regulation (EC) No 1059/2003 is amended as follows:</p> <p>(1) Article 1 is replaced by the following:</p> <p>‘Article 1</p> <p>Subject matter</p> <p>1. This regulation establishes a common statistical classification of territorial units (NUTS), in order to enable the collection, compilation and dissemination of harmonised statistics at different territorial levels of the EU.</p> <p>2. The NUTS classification is set out in Annex I.</p> <p>3. Local administrative units (LAU), as referred to in Article 4, shall complement the NUTS classification.</p> <p>4. Statistical grids, as referred to in Article 4a, shall complement the NUTS classification. They shall be used to calculate territorial typologies based on population distribution and density.</p> <p>5. Union territorial typologies, as referred to in Article 4b, shall complement the NUTS classification by attributing types to the territorial units.’;</p>

Reason

More precise formulation.

Amendment 2

COM(2016) 788 final

Article 1

Amend paragraph 5

Text proposed by the Commission	CoR amendment
(5) the following articles 4a and 4b are inserted:	(5) the following articles 4a and 4b are inserted:
(...)	(...)
<i>Article 4b</i>	<i>Article 4b</i>
Union territorial typologies	Union territorial typologies
(...)	(...)
3. The following typologies shall be established at LAU level:	3. The following typologies shall be established at LAU level:
(a) degree of urbanisation (DEGURBA):	(a) degree of urbanisation (DEGURBA):
— 'Urban areas':	— 'Urban areas',
— ' Cities ' or 'Densely populated areas',	— 'Densely populated areas',
— ' Towns and suburbs ' or 'Intermediate density areas',	— 'Intermediate density areas,
— ' Rural areas ' or ' Thinly populated areas';	— ' Sparsely populated areas',
(b) functional urban areas:	(b) functional urban areas:
— ' Cities ' plus their 'Commuting zones';	— ' Urban areas ' plus their 'Commuting zones';
(c) coastal areas:	(c) coastal areas:
— 'Coastal areas',	— 'Coastal areas',
— 'Non-coastal areas'.	— 'Non-coastal areas'.
If there is more than one administrative level of LAU in a Member State, the Commission (Eurostat) shall consult that Member State to determine the administrative level of LAU that shall be used for the attribution of typologies.	If there is more than one administrative level of LAU in a Member State, the Commission (Eurostat) shall consult that Member State to determine the administrative level of LAU that shall be used for the attribution of typologies.
4. The following typologies and labels shall be established at NUTS level 3.	4. The following typologies and labels shall be established at NUTS level 3.

Text proposed by the Commission	CoR amendment
<p>(a) urban-rural typology:</p> <ul style="list-style-type: none"> — ‘Predominantly urban regions’, — ‘Intermediate regions’, — ‘Predominantly rural regions’; <p>(b) metropolitan typology:</p> <ul style="list-style-type: none"> — ‘Metropolitan regions’, — ‘Non-metropolitan regions’; <p>(c) coastal typology:</p> <ul style="list-style-type: none"> — ‘Coastal regions’, — ‘Non-coastal regions’. 	<p>a) urban-rural typology:</p> <ul style="list-style-type: none"> — ‘Predominantly urban regions’, — ‘Intermediate regions’, — ‘Predominantly rural regions’; <p>b) metropolitan typology:</p> <ul style="list-style-type: none"> — ‘Metropolitan regions’, — ‘Non-metropolitan regions’; <p>c) coastal typology:</p> <ul style="list-style-type: none"> — ‘Coastal regions’, — ‘Non-coastal regions’; <p>d) island typology:</p> <ul style="list-style-type: none"> — ‘Island regions’, — ‘Non-island regions’; <p>e) mountain typology:</p> <ul style="list-style-type: none"> — ‘Mountain regions’, — ‘Non-mountain regions’; <p>f) border typology:</p> <ul style="list-style-type: none"> — ‘Border regions’, — ‘Non-border regions’; <p>g) population typology:</p> <ul style="list-style-type: none"> — ‘Sparsely populated regions’, — ‘Not sparsely populated regions’; — ‘Ageing regions’ — ‘Non-ageing regions’ — ‘Depopulating regions’ — ‘Not depopulating regions’ <p>h) periphery typology:</p> <ul style="list-style-type: none"> — ‘Peripheral regions’; — ‘Non-peripheral regions’

Reason

Territories with specific (geographic, economic, social and demographic) features will be able to use relevant indicators to support the implementation of public policies addressing challenges they are facing

Amendment 3

COM(2016) 788 final

Article 1

Amend paragraph 5

Text proposed by the Commission	CoR amendment
<p>(5) the following articles 4a and 4b are inserted:</p> <p>(...)</p> <p>Article 4b</p> <p>Union territorial typologies</p> <p>(...)</p> <p>5. The Commission shall, by means of implementing acts, set out uniform conditions for the harmonised application of the typologies across Member States and at Union level. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 7.</p>	<p>(5) the following articles 4a and 4b are inserted:</p> <p>(...)</p> <p>Article 4b</p> <p>Union territorial typologies</p> <p>(...)</p> <p>5. The Commission shall, in consultation with Member States and Regions, set out uniform conditions for the harmonised application of the typologies across Member States and at Union level.</p> <p>6. The typologies mentioned under paragraph 3 and 4 above could be complemented by new ones, if there is a justified need identified by Member States or by the Committee of the Regions and confirmed by the Commission.</p>

Reason

Territories with specific (geographic, economic, social and demographic) features will be able to use relevant indicators to support the implementation of public policies addressing challenges they are facing

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR)

1. underlines the importance of European regional statistics as an important instrument for targeted policy-making and a useful tool for understanding and quantifying the impact of political decisions in specific territories. These statistics are used for a wide range of purposes by a number of public and private users, including regional and local authorities, and provide an objective base to support decision-making processes in many areas of public intervention, such as SME support, innovation policy, education, labour market, transport, tourism and maritime industries;

2. confirms that territorial typologies stemming from European statistics play an important role in regional policy as they can contribute to evidence-based policy interventions and more integrated territorial approaches that reflect the diversity of EU regions;

3. notes the European Commission's initiative to amend Regulation (EC) No 1059/2003 as regards the territorial typologies (Tercet). Codification of these typologies in one single legal text could make it possible to aggregate data for different types of territories, ensuring harmonised and transparent application of existing methodologies at both EU and Member State levels. This must not lead, however, to the new Tercet classification being translated into eligibility rules for any EU policies, including Cohesion Policy;

4. concludes that the legislative proposal to amend Regulation (EC) No 1059/2003 complies with the principle of subsidiarity, since the objective of establishing, coordinating and maintaining harmonised statistical classifications for statistical purposes at EU level cannot be achieved sufficiently by the Member States acting alone. On the other hand, however, subsidiarity can only be safeguarded, if the territorial typologies are coordinated in an intensive dialogue with the Member States and regions. Moreover, the legislative proposal does not in principle go beyond what is necessary to achieve its objectives and therefore could be regarded as compliant with the principle of proportionality;

5. stresses the need for closer dialogue between the national statistical offices and regional (local) authorities to ensure that the development of the new Tercet classification takes due account of the socio-economic, spatial and administrative specificities of different territories;
6. stresses the importance of addressing the specific situation of territories with particular geographic, economic, social and demographic features, which should be adequately covered within the framework of European regional statistics with the aim of strengthening economic, social and territorial cohesion as set out in Article 174 TFEU;
7. in this respect, draws attention to:
 - a) Article 174 of the TFEU stipulating that particular attention shall be paid to rural areas, areas affected by industrial transition and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions;
 - b) the *Green Paper on Territorial Cohesion* (COM(2008) 616 final) and the accompanying Commission staff working document (SEC(2008) 2550), which mention territorial typologies such as border regions, mountain regions, island regions and sparsely populated regions. These typologies have already been used within the context of the *Fifth report on economic, social and territorial cohesion* (published in November 2010);
 - c) the CoR opinion on the abovementioned green paper (COTER-IV-020), which calls on the European Commission to extend its research to develop relevant indicators for the particular socio-economic problems faced by specific types of regions such as mountains, islands, areas with low population density and border areas, and to significantly improve statistical data and its cartographic representation so as to reflect the real situation;
 - d) the CoR opinion on the *Sixth report on economic, social and territorial cohesion* (COTER-V-052), which calls for better respect to be given to Article 174 of the TFEU;
 - e) the CoR opinion on *Indicators for territorial development — GDP and beyond* (COTER-VI-009), pointing out the lack of quantitative information on the various territories with particular (geographic, environmental, economic and social) features influencing their development, as well as suggesting that the Commission (Eurostat) adopt the territorial categories identified by the Treaty in order to contribute to the proper implementation of EU policies with a territorial dimension;
 - f) the CoR draft opinion on *Entrepreneurship on islands: contributing towards territorial cohesion* (COTER-VI/022), which suggests adding islands as an additional category in the proposal for a regulation of the European Parliament and of the Council amending the Tercet regulation;
8. regrets that the Commission's proposal includes a limited number of territorial typologies and does not take account of other typologies related to the territories with specific geographic, economic, social and demographic features that have already been developed and used, namely the typologies on island regions, mountain regions, border regions and sparsely populated regions or outermost regions. Adoption of territorial typologies providing statistical evidence of diversity and complexity of these regions is considerably important in order to capture these territories better. The CoR therefore recommends including references to the abovementioned territorial typologies when modifying the Tercet regulation with involvement of the Member States and regions.

Brussels, 13 July 2017.

The President
of the European Committee of the Regions
Markku MARKKULA

Opinion of the European Committee of the Regions — Renewable energy and the internal market in electricity

(2017/C 342/12)

Rapporteur:	Daiva Matonienė (LT/ECR), Member of Šiauliai City Council
Reference documents:	Proposal for a Directive on the promotion of the use of energy from renewable sources (recast)
	COM(2016) 767 final
	Proposal for a Regulation on the internal market for electricity (recast)
	COM(2016) 861 final
	Proposal for a Directive on common rules for the internal market in electricity (recast)
	COM(2016) 864 final
	Proposal for a Regulation establishing a European Union Agency for the Cooperation of Energy Regulators (recast)
	COM(2016) 863 final
	Proposal for a Regulation on risk-preparedness in the electricity sector
	COM(2016) 862 final

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

(7)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) — COM(2016) 767 final — 2016/0382 (COD)

Commission proposal	CoR amendment
It is thus appropriate to establish a Union binding target of at least 27 % share of renewable energy. Member States should define their contribution to the achievement of this target as part of their Integrated National Energy and Climate Plans through the governance process set out in Regulation [Governance].	It is thus appropriate to establish a Union binding target of at least 27 % share of renewable energy. Member States should define their contribution to the achievement of this target as part of their Integrated National Energy and Climate Plans through the governance process set out in Regulation [Governance]. <i>For the sake of consistency with the Paris Agreement, it will be necessary that Member States set their own binding targets providing for a greater share of energy from renewable sources.</i>

Reason

Member States should have the possibility to set more ambitious national binding targets for their share of energy from renewable sources. In this process, they could aim to achieve a higher share of renewables than the EU binding 27 % target. However, the setting of national target should be left to each Member State to decide after considering their own options,

requirements and circumstances. No higher binding target should be set at the EU level.

Amendment 2

(13)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) — COM(2016) 767 final — 2016/0382 (COD)

Commission proposal	CoR amendment
<p>The Commission should facilitate the exchange of best practices between the competent national or regional authorities or bodies, for instance through regular meetings to find a common approach to promote a higher uptake of cost-efficient renewable energy projects, encourage investments in new, flexible and clean technologies, and set out an adequate strategy to manage the retirement of technologies which do not contribute to the reduction of emissions or deliver sufficient flexibility, based on transparent criteria and reliable market price signals.</p>	<p>The Commission should facilitate the exchange of best practices between the competent national or regional and local authorities or bodies, for instance through regular meetings to find a common approach to promote a higher uptake of cost-efficient renewable energy projects, encourage investments in new, flexible and clean technologies, and set out an adequate strategy to manage the retirement of technologies which do not contribute to the reduction of emissions or deliver sufficient flexibility, based on transparent criteria and reliable market price signals.</p>

Reason

The text proposed by the Commission should also refer to local authorities. This is very important, since in terms of energy, local authorities directly contribute to developing renewable energy within their boundaries and to implementing national energy targets.

Amendment 3

(15)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) — COM(2016) 767 final — 2016/0382 (COD)

Commission proposal	CoR amendment
<p>Support schemes for electricity generated from renewable sources have proved to be an effective way of fostering deployment of renewable electricity. If and when Member States decide to implement support schemes, such support should be provided in a form that is as non-distortive as possible for the functioning of electricity markets. To this end, an increasing number of Member States allocate support in a form where support is granted in addition to market revenues.</p>	<p>Support schemes for electricity generated from renewable sources have proved to be an effective way of fostering deployment of renewable electricity. If and when Member States decide to implement support schemes, such support should be provided in a form that is as non-distortive as possible for the functioning of electricity markets. To this end, an increasing number of Member States allocate support in a form where support is granted in addition to market revenues, and it is therefore necessary to give renewable energy generators incentives to enable them to respond to market signals.</p>

Reason

The EU Directive on the promotion of the use of energy from renewable sources states that support schemes for renewable energy sources should not lead to market distortions. It is therefore necessary to give renewable energy generators incentives to enable them to respond to market signals.

Amendment 4

(33)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) — COM(2016) 767 final — 2016/0382 (COD)

Commission proposal	CoR amendment
<p>At national and regional level, rules and obligations for minimum requirements for the use of energy from renewable sources in new and renovated buildings have led to considerable increases in the use of energy from renewable sources. Those measures should be encouraged in a wider Union context, while promoting the use of more energy-efficient applications of energy from renewable sources through building regulations and codes.</p>	<p>At national, regional and local level, rules and obligations for minimum requirements for the use of energy from renewable sources in new and renovated buildings have led to considerable increases in the use of energy from renewable sources. Those measures should be encouraged in a wider Union context, while promoting the use of more energy-efficient applications of energy from renewable sources through building regulations and codes.</p>

Reason

It is suggested that reference should also be made to local authorities. When drawing up plans for developing sustainable energy and the use of renewable energy, the municipalities set minimum requirements for the use of energy from renewable sources.

Amendment 5

(54)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) — COM(2016) 767 final — 2016/0382 (COD)

Commission proposal	CoR amendment
<p>Local citizen participation in renewable energy projects through renewable energy communities has resulted in substantial added value in terms of local acceptance of renewable energy and access to additional private capital. This local involvement will be all the more crucial in a context of increasing renewable energy capacity in the future.</p>	<p>Local citizen participation in renewable energy projects through renewable energy communities has resulted in substantial added value in terms of local acceptance of renewable energy and access to additional private capital. This local involvement will be all the more crucial in a context of increasing renewable energy capacity in the future.</p> <p><i>The creation of such communities should be supported at national, regional and local level.</i></p>

Reason

The Commission proposals underline that consumers should become active players on the new electricity market. Local energy communities can be an efficient way of managing energy at local level either by directly consuming the electricity they generate or by using it for heating and cooling. The creation of such communities should therefore be supported at all governmental and administrative levels.

Amendment 6

(55)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) — COM(2016) 767 final — 2016/0382 (COD)

Commission proposal	CoR amendment
<p>The specific characteristics of local renewable energy communities in terms of size, ownership structure and the number of projects can hamper their competition on equal footing with large-scale players, namely competitors with larger projects or portfolios. Measures to offset those disadvantages include enabling energy communities to operate in the energy system and easing their market integration.</p>	<p>The specific characteristics of local renewable energy communities in terms of size, ownership structure and the number of projects can hamper their competition on equal footing with large-scale players, namely competitors with larger projects or portfolios. Measures to offset those disadvantages include enabling energy communities to operate in the energy system and easing their market integration. <i>It is proposed that the Member States in cooperation with the European Commission and their local and regional authorities draw up recommendations setting out the basic principles governing the communities' structure and activities.</i></p>

Reason

The Commission proposals put forward the view that citizens should take ownership of the energy transition, make use of new technologies to reduce their energy bills and actively participate in the market, and that local energy communities can be an effective means of energy management at local level. In order to achieve these objectives, it is important to provide the general public with detailed information about how the communities are set up, how they operate, and what opportunities and benefits they offer.

Amendment 7

Article 3(1), (2), (4)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) — COM(2016) 767 final — 2016/0382 (COD)

Commission proposal	CoR amendment
<p>1. Member States shall collectively ensure that the share of energy from renewable sources in the Union's gross final consumption of energy in 2030 is at least 27 %.</p>	<p>1. Member States shall collectively ensure that the share of energy from renewable sources in the Union's gross final consumption of energy in 2030 is at least 27 %. <i>Member States may, after evaluating local requirements and circumstances, set their own binding targets providing for a higher share.</i></p>

Commission proposal	CoR amendment
<p>2. Member States' respective contributions to this overall 2030 target shall be set and notified to the Commission as part of their Integrated National Energy and Climate Plans in accordance with Articles 3 to 5 and Articles 9 to 11 of Regulation [Governance].</p> <p>4. The Commission shall support the high ambition of Member States through an enabling framework comprising the enhanced use of Union funds, in particular financial instruments, especially in view of reducing the cost of capital for renewable energy projects.</p>	<p>2. The Member States' way to achieve this overall 2030 target shall be set and notified to the Commission as part of their Integrated National Energy and Climate Plans in accordance with Articles 3 to 5 and Articles 9 to 11 of Regulation [Governance].</p> <p>4. The Commission shall support the high ambition of Member States through an enabling framework comprising the enhanced use of Union funds, in particular financial instruments, especially in view of reducing the varying economic costs of renewable energy projects and improving the technological capacity and competitiveness of European manufacturers and installers or consumer interest in acquiring energy from renewable sources. Likewise, in the use of EU funds, the Commission may establish mechanisms that, considering different factors and circumstances, will encourage regions or Member States whose progress in renewables can be considered higher than the average.</p> <p>6. Each Member State shall ensure that the share of energy from renewable sources, calculated in accordance with the content of this Directive, in gross final consumption of energy in 2030 is at least its national overall target (divided in electricity, thermal consumption and transport) for the share of energy from renewable sources in that year, as set out in the Annex I.</p>

Reason

Concerning 3(1)

Member States should have the possibility to set more ambitious national binding targets for their share of energy from renewable sources. In this process, they could aim to achieve a higher share of renewables than the EU binding 27 % target. However, the setting of national target should be left to each Member State to decide after considering their own options, requirements and circumstances. No higher binding target should be set at the EU level.

Concerning 3(4)

The amendment introduces the idea that European funds can be allocated in larger amounts to those countries (and possibly regions) that are most successful in terms of promotion of renewable energy sources. Such a mechanism should take into account the different circumstances of each country and act as an incentive for them. In addition, for a balanced and competitive development, public funds should not be used for one objective only.

Concerning 3(6)

The amendment recovers the text of the previous directive, which obliged each Member State to establish and commit itself to its own national objectives. It is also suggested that those objectives should be detailed in their electrical, thermal and transport-related aspects.

Amendment 8

Article 4

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) — COM(2016) 767 final — 2016/0382 (COD)

Commission proposal	CoR amendment
<p>1. Subject to State aid rules, in order to reach the Union target set in Article 3(1), Member States may apply support schemes. Support schemes for electricity from renewable sources shall be designed so as to avoid unnecessary distortions of electricity markets and ensure that producers take into account the supply and demand of electricity as well as possible grid constraints.</p> <p>2. Support for electricity from renewable sources shall be designed so as to integrate electricity from renewable sources in the electricity market and ensure that renewable energy producers are responding to market price signals and maximise their market revenues.</p> <p>3. Member States shall ensure that support for renewable electricity is granted in an open, transparent, competitive, non-discriminatory and cost-effective manner.</p> <p>4. Member States shall assess the effectiveness of their support for electricity from renewable sources at least every four years. Decisions on the continuation or prolongation of support and design of new support shall be based on the results of the assessments.</p>	<p>1. Subject to State aid rules, in order to reach the Union target set in Article 3(1), Member States may apply support schemes. Support schemes for electricity from renewable sources (and consequently all provisions relating to the relevant market) shall be designed so as to avoid distortions of electricity markets (relating to internalisation of all costs and environmental risks), to guarantee that reliability, quality of supply, competitiveness and affordability are not compromised and to ensure that producers take into account the supply and demand of electricity as well as possible grid constraints.</p> <p>2. Support for electricity from renewable sources shall be designed so as to integrate electricity from renewable sources in the electricity market and ensure that renewable energy producers are responding to market price signals and maximise their market revenues.</p> <p>3. Member States shall ensure that support for renewable electricity is granted in an open, transparent, competitive, non-discriminatory and cost-effective manner.</p> <p>4. Member States may adjust financial support schemes in the outermost regions based on actual production costs resulting from specific characteristics or dependence on external sources, with the aim of increasing the electricity generated from renewable and other domestically produced clean energy sources.</p> <p>5. Member States shall assess the effectiveness of their support for electricity from renewable sources at least every four years. Decisions on the continuation or prolongation of support and design of new support shall be based on the results of the assessments.</p>

Reason

Concerning 4(1)

Considering the market distortions caused by national regulations or by the fossil fuel companies operating under them, it would be appropriate to put into context the market distortion mentioned by the Directive.

Electricity from renewable energy sources should be integrated in the electricity market by taking into account the characteristics of each technology. Employing price as the only guiding principle may mask the real situation.

Concerning 4(2)

The integration of the different renewables would be done regarding the technology peculiarities. Trying to put the price as a single indicator, can be to falsify the real situation.

Concerning 4(3) and 4(5)

Centralisation would contradict the Commission's objective of giving broad discretion to the Member States to grant support in an open, transparent, competitive, non-discriminatory and cost-effective manner. Since Member States can set their own target requirements, a reference to compulsory EU criteria is out of place.

Amendment 9

Article 5(2)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) — COM(2016) 767 final — 2016/0382 (COD)

Commission proposal	CoR amendment
2. Member States shall ensure that support for at least 10 % of the newly-supported capacity in each year between 2021 and 2025 and at least 15 % of the newly-supported capacity in each year between 2026 and 2030 is open to installations located in other Member States.	2. Member States shall ensure that support for at least 10 % of the newly-supported capacity in each year between 2021 and 2025 and at least 15 % of the newly-supported capacity in each year between 2026 and 2030 is open to installations located in other Member States. Cross-border cooperation investments which provide for an appropriate level of interconnections should also be promoted.

Reason

Toning down the call for cross-border tenders will take competitive pressure out of the system. There is still potential to cut costs. It is therefore important that appropriate interconnection capacity between the Member States is created.

Amendment 10

Article 6

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) — COM(2016) 767 final — 2016/0382 (COD)

Commission proposal	CoR amendment
Without prejudice to adaptations necessary to comply with State aid rules, Member States shall ensure that the level of, and the conditions attached to, the support granted to renewable energy projects are not revised in a way that negatively impacts the rights conferred thereunder and the economics of supported projects.	Without prejudice to adaptations necessary to comply with State aid rules, or other special circumstances of force majeure to be established on a case-by-case basis by the Member States and the European Commission , Member States shall ensure that the level of, and the conditions attached to, the support granted to renewable energy projects are not revised in a way that negatively impacts the rights conferred thereunder and the economics of supported projects.

Reason

A certain flexibility should be allowed to Member States in cases of *force majeure* or in cases where public funds that are dedicated to, for instance, education and health, are at risk of budget cuts while funds allocated to the promotion of renewable energy sources remain untouched.

Amendment 11

Article 7(1)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) — COM(2016) 767 final — 2016/0382 (COD)

Commission proposal	CoR amendment
<p>For the calculation of a Member State's gross final consumption of energy from renewable energy sources, the contribution from biofuels and bioliquids, as well as from biomass fuels consumed in transport, if produced from food or feed crops, shall be no more than 7 % of final consumption of energy in road and rail transport in that Member State. This limit shall be reduced to 3,8 % in 2030 following the trajectory set out in part A of Annex X. Member States may set a lower limit and may distinguish between different types of biofuels, bioliquids and biomass fuels produced from food and feed crops, for instance by setting a lower limit for the contribution from food or feed crop based biofuels produced from oil crops, taking into account indirect land use change.</p>	<p>For the calculation of a Member State's gross final consumption of energy from renewable energy sources, the contribution from biofuels and bioliquids, as well as from biomass fuels consumed in transport, if produced from food or feed crops, excluding low indirect land-use change-risk biofuels as defined in Article 2(u), shall be no more than 7 % of final consumption of energy in road and rail transport in that Member State. This limit shall be reduced to 3,8 % in 2030 following the trajectory set out in part A of Annex X. Member States may set a lower limit and may distinguish between different types of biofuels, bioliquids and biomass fuels produced from food and feed crops, for instance by setting a lower limit for the contribution from food or feed crop based biofuels produced from oil crops, taking into account indirect land use change.</p>

Reason

Conventional biofuels with good climate performance and sustainability, including low ILUC emissions, should not be phased out. The FAO advocates sustainable production of both food and fuels. Large areas of agricultural land lie fallow in the EU and phasing out biofuels hinders flexible resource use and technological development.

Amendment 12

Article 9(1)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) — COM(2016) 767 final — 2016/0382 (COD)

Commission proposal	CoR amendment
<p>1. Two or more Member States may cooperate on all types of joint projects relating to the production of electricity, heating or cooling from renewable energy sources. That cooperation may involve private operators.</p>	<p>1. Two or more Member States may cooperate on all types of joint projects relating to the production of electricity, heating or cooling from renewable energy sources. That cooperation may involve private operators. The benefits of regional cooperation should be particularly strongly emphasised.</p>

Reason

It is important to clearly emphasise the importance of regional cooperation on the renewable energy market. Cooperation at regional level can bring significant economic benefits as well as offering real potential for joint development of the internal market in electricity.

Amendment 13

Article 11(1)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) — COM(2016) 767 final — 2016/0382 (COD)

Commission proposal	CoR amendment
<p>One or more Member States may cooperate with one or more third countries on all types of joint projects regarding the production of electricity from renewable energy sources. Such cooperation may involve private operators.</p>	<p>One or more Member States may cooperate with one or more third countries on all types of joint projects regarding the production of electricity from renewable energy sources. Such cooperation may involve private operators.</p> <p><i>Renewable energy production plants located in third countries that are included in the joint projects must comply during their life cycle with environmental, social, labour, and safety standards applied in general in the European Union and in the Member State that intends to use this energy production in its own national accounts.</i></p>

Reason

This safeguard seeks to avoid potential dumping situations in energy transfers with non-Member States.

Amendment 14

Article 16(1)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) — COM(2016) 767 final — 2016/0382 (COD)

Commission proposal	CoR amendment
<p>By 1 January 2021 Member States shall set up one or more single administrative contact points which will coordinate the entire permit granting process for applicants for permits to build and operate plants and associated transmission and distribution network infrastructures for the production of energy from renewable energy sources.</p>	<p>By 1 January 2021 Member States shall set up one or more single administrative contact points which will coordinate the entire permit granting process for applicants for permits to build and operate plants and associated transmission and distribution network infrastructures for the production of energy from renewable energy sources. <i>These contact points may be managed by the regions or local authorities within their field of competences.</i></p>

Reason

It is intended to give more relevance to regional and local entities in the management of renewable energy projects. Even for certain types of facilities, these entities have powers of management.

Amendment 15

Article 19(2), (7)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) — COM(2016) 767 final — 2016/0382 (COD)

Commission proposal	CoR amendment
<p>2. [...]</p> <p>Member States shall ensure that no guarantees of origin are issued to a producer that receives financial support from a support scheme for the same production of energy from renewable sources. Member States shall issue such guarantees of origin and transfer them to the market by auctioning them. The revenues raised as a result of the auctioning shall be used to offset the costs of renewables support.</p> <p>7. A guarantee of origin shall specify at least:</p> <p>(a) the energy source from which the energy was produced and the start and end dates of production;</p> <p>(b) whether it relates to:</p> <p>(i) electricity; or</p> <p>(ii) gas, or</p> <p>(iii) heating or cooling;</p> <p>(c) the identity, location, type and capacity of the installation where the energy was produced;</p> <p>(d) whether the installation has benefited from investment support, whether the unit of energy has benefited in any other way from a national support scheme, and the type of support scheme;</p> <p>(e) the date on which the installation became operational; and</p> <p>(f) the date and country of issue and a unique identification number.</p> <p>Simplified information may be specified on guarantees of origin from small scale installations.</p>	<p>2. [...]</p> <p>Member States shall ensure that no guarantees of origin are issued to a producer that receives financial support from a support scheme for the same production of energy from renewable sources.</p> <p>7. A guarantee of origin shall specify at least:</p> <p>(a) the energy source from which the energy was produced and the start and end dates of production;</p> <p>(b) whether it relates to:</p> <p>(i) electricity; or</p> <p>(ii) gas, or</p> <p>(iii) heating or cooling;</p> <p>(c) the identity, location, type and capacity of the installation where the energy was produced;</p> <p>(d) whether the installation has benefited from investment support, whether the unit of energy has benefited in any other way from a public support scheme, and the type of this support scheme;</p> <p>(e) the date on which the installation became operational; and</p> <p>(f) the date and country of issue and a unique identification number.</p> <p>Simplified information may be specified on guarantees of origin from small scale installations.</p>

Reason

Concerning 19(2)

It is of utmost importance that renewable energy producers are not granted the same guarantee of origin twice — through State aid support schemes and guarantees of origin auctions.

Concerning 19(7)

Public aid does not have to come only from the States.

Amendment 16

Article 20

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) — COM(2016) 767 final — 2016/0382 (COD)

Commission proposal	CoR amendment
<p>1. Where relevant, Member States shall assess the need to extend existing gas network infrastructure to facilitate the integration of gas from renewable energy sources.</p>	<p>1. Subject to requirements relating to the maintenance of the reliability and safety of the grid, based on transparent and non-discriminatory criteria defined by the competent national authorities:</p> <p>(a) Member States shall ensure that transmission system operators and distribution system operators in their territory guarantee the transmission and distribution of electricity produced from renewable energy sources, including the installation of electric energy storage systems and power management systems using batteries to eliminate disruptions in intermittent renewable energy sources and ensure the stability of the electricity network;</p> <p>(b) Member States shall also provide for either priority access or guaranteed access to the grid-system of electricity produced from renewable energy sources;</p> <p>(c) Member States shall ensure that when dispatching electricity generating installations, transmission system operators shall give priority to generating installations using renewable energy sources in so far as the secure operation of the national electricity system permits and based on transparent and non-discriminatory criteria. Member States shall ensure that appropriate grid and market-related operational measures are taken in order to minimise the curtailment of electricity produced from renewable energy sources. If significant measures are taken to curtail the renewable energy sources in order to guarantee the security of the national electricity system and security of energy supply, Members States shall ensure that the responsible system operators report to the competent regulatory authority on those measures and indicate which corrective measures they intend to take in order to prevent inappropriate curtailments;</p>

Commission proposal	CoR amendment
<p>3. Subject to that their assessment, included in the integrated national energy and climate plans in accordance with Annex I of Regulation [Governance], on the necessity to build new infrastructure for district heating and cooling produced from renewable energy sources in order to achieve the Union target referred to in Article 3(1), Member States shall, where relevant, take steps with a view to developing a district heating) infrastructure to accommodate the development of heating and cooling production from large biomass, solar and geothermal facilities.</p>	<p>(d) Member States should ensure that remuneration for renewable energy is in line with transparency criteria, taking into account production costs for electricity from fossil fuels in the electricity networks into which renewable energy will be injected, specifically in small isolated networks, and eliminating distortions introduced by aid or profits which may be distributed to conventional production systems and fossil fuel supply systems in order to prevent distortions which favour fossil fuel energy sources to the detriment of renewables.</p> <p>(e) Installations for producing electricity from renewables essentially aimed at own consumption, particularly in the residential sector, should be assured that energy surplus can be injected in the public network with limits on power and energy in line with actual consumption, and should have facilitated authorisation processes and fair compensation prices in keeping with the prices of the energy supplied to the consumer.</p> <p>2. Where relevant, Member States shall assess the need to extend existing gas network infrastructure to facilitate the integration of gas from renewable energy sources.</p> <p>3. Where relevant, Member States shall assess the need to develop existing transport fuel network infrastructure to facilitate the integration of fuel from renewable energy sources.</p> <p>4. Subject to that their assessment, included in the integrated national energy and climate plans in accordance with Annex I of Regulation [Governance], on the possibility and interest to build new infrastructure for district heating and cooling produced from renewable energy sources in order to achieve the Union target referred to in Article 3(1), Member States shall, where relevant, take steps with a view to developing an infrastructure for the use of thermal energy (for example through district heating systems) to accommodate the development of heating and cooling production from large biomass, solar and geothermal facilities.</p>

Reason

Concerning former 20(2)

It is suggested to maintain the paragraph of the previous directive which gives preference to access, dispatch and connection to renewable electricity.

Concerning 20(3) of the opinion

As it is doing with biogas, it is facilitating the entry of any fuel from renewable origin into the distribution infrastructure for transport fuel.

Concerning 20(4) of the opinion

The term 'necessity' is avoided, which seems to suggest that district heating and cooling are the only way to meet the objectives of the EU.

Amendment 17

New Article after Article 20

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) — COM(2016) 767 final — 2016/0382 (COD)

Commission proposal	CoR amendment
	<p><i>On business and technological development.</i></p> <p><i>1. Currently, the European Union has a global technological and business leadership in the field of RES based on the competitiveness of our products and services companies from equipment manufacturers to consultants to installers, maintainers or financial institutions.</i></p> <p><i>It is the Commission's priority objective to consolidate and expand this leadership by 2030.</i></p> <p><i>2. Both the Commission and the Member States shall allocate at least 15 % of all their funds to support for renewable energies, for actions to improve capacity, business competitiveness and especially their technological development.</i></p> <p><i>Likewise, in the case of ESIF, the European Commission should establish mechanisms which, considering different factors and circumstances, allow the regions or Member States whose progress in this specific area is considered greater than the average, to enable to incentivise RES in their areas.</i></p> <p><i>3. In order to maintain this leadership, the following priority lines should be established by Member States and the European Commission, without prejudice to others:</i></p> <p><i>(A) Technology:</i></p> <p><i>(i) Constant reduction of investment and operating costs incorporating, among others, Information and Communication Technologies (ITCs).</i></p>

Commission proposal	CoR amendment
	<p>(ii) <i>Increased energy yields and adaptability of facilities to the requirements of different consumers.</i></p> <p>(iii) <i>Without prejudice to other technologies, photovoltaics, energy storage, heat pumps, third generation biofuels and marine energy will have special relevance.</i></p> <p>(iv) <i>The manageability of the renewable production and its transport.</i></p> <p>(v) <i>The implementation of technological improvements, large or small, in all the processes and value chains of the renewable sectors.</i></p> <p>(B) Business:</p> <p>(i) <i>The development and diffusion of different financial instruments.</i></p> <p>(ii) <i>Improving internal business processes by orienting them according to the interests and expectations of current or potential customers, improving market and marketing studies.</i></p> <p>(iii) <i>Facilitate the exchange of methodologies and ways of working of companies from different Member States, favouring the establishment of long-term trade agreements and increasing the size and capacity of companies.</i></p> <p>(iv) <i>Facilitate the transit of information between the company, university and technological centres.</i></p> <p>4. The Commission, together with the Member States, will prepare a specific strategy in this field before 31.12.2018, characterising the priority lines and, depending on the evolution of the different renewable sectors and geographic areas, bottlenecks, opportunities and the public actions that can take place in the next decade.</p> <p>5. Where relevant, Member States shall assess the need to develop electricity storage infrastructures so as to boost the integration of energy from renewable sources.</p>

Reason

Concerning points 1 to 4

The total absence of a direct and explicit reference to these extremely important subjects (business and technological development) in relation to the thoroughness with which others are treated is considered out of place in a European Directive.

Concerning point 5

Steps to encourage the production of renewable energy cannot be dissociated from the need for storage infrastructure. This is a particularly pressing need in island and outermost regions with isolated micro-networks.

Amendment 18

Article 22(1)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) — COM(2016) 767 final — 2016/0382 (COD)

Commission proposal	CoR amendment
<p>Member States shall ensure that renewable energy communities are entitled to generate, consume, store and sell renewable energy, including through power purchase agreements, without being subject to disproportionate procedures and charges that are not cost-reflective.</p> <p>For the purposes of this Directive, a renewable energy community shall be an SME or a not-for-profit organisation, the shareholders or members of which cooperate in the generation, distribution, storage or supply of energy from renewable sources, fulfilling at least four out of the following criteria:</p> <p>(a) shareholders or members are natural persons, local authorities, including municipalities, or SMEs operating in the fields or renewable energy;</p> <p>(b) at least 51 % of the shareholders or members with voting rights of the entity are natural persons;</p> <p>(c) at least 51 % of the shares or participation rights of the entity are owned by local members, i.e. representatives of local public and local private socio-economic interests or citizens having a direct interest in the community activity and its impacts;</p> <p>(d) at least 51 % of the seats in the board of directors or managing bodies of the entity are reserved to local members, i.e. representatives of local public and local private socio-economic interests or citizens having a direct interest in the community activity and its impacts;</p> <p>(e) the community has not installed more than 18 MW of renewable capacity for electricity, heating and cooling and transport as a yearly average in the previous 5 years.</p>	<p>Member States shall ensure that renewable energy communities are entitled to generate, consume, store and sell renewable energy, including through power purchase agreements, without being subject to disproportionate procedures and charges that are not cost-reflective.</p> <p>For the purposes of this Directive, a renewable energy community shall be an SME or a not-for-profit organisation, the shareholders or members of which cooperate in the generation, distribution, storage or supply of energy from renewable sources, fulfilling at least four out of the following criteria:</p> <p>(a) shareholders or members are natural persons, regional or local authorities, including municipalities, or SMEs operating in the fields or renewable energy;</p> <p>(b) at least 51 % of the shareholders or members with voting rights of the entity are natural persons;</p> <p>(c) at least 51 % of the shares or participation rights of the entity are owned by local members, i.e. representatives of local public and local private socio-economic interests or citizens having a direct interest in the community activity and its impacts;</p> <p>(d) at least 51 % of the seats in the board of directors or managing bodies of the entity are reserved to local members, i.e. representatives of local public and local private socio-economic interests or citizens having a direct interest in the community activity and its impacts;</p> <p>(e) the community has not installed more than 30 MW of renewable capacity for electricity, heating and cooling and transport as a yearly average in the previous 5 years.</p>

Reason

Renewable energy communities can be an essential tool on empowering local sustainable energy production. Regional authorities may also play a role in this context and the threshold on the size of the energy production of such communities should not be too restrictive.

Amendment 19

Article 23

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) — COM(2016) 767 final — 2016/0382 (COD)

Commission proposal	CoR amendment
<p>1. In order to facilitate the penetration of renewable energy in the heating and cooling sector, each Member State shall endeavour to increase the share of renewable energy supplied for heating and cooling by at least 1 percentage point (pp) every year, expressed in terms of national share of final energy consumption and calculated according to the methodology set out in Article 7.</p> <p>2. Member States may designate and make public, on the basis of objective and non-discriminatory criteria, a list of measures and the implementing entities, such as fuel suppliers, which shall contribute to the increase set out in paragraph 1.</p> <p>3. The increase set out in paragraph 1 may be implemented through one or more of the following options:</p> <p>(a) physical incorporation of renewable energy in the energy and energy fuel supplied for heating and cooling;</p> <p>(b) direct mitigation measures such as installation of highly efficient renewable heating and cooling systems in buildings or renewable energy use for industrial heating and cooling processes;</p> <p>(c) indirect mitigation measures covered by tradable certificates proving compliance with the obligation through support to indirect mitigation measures, carried out by another economic operator such as an independent renewable technology installer or energy service company — ESCO providing renewable installation services.</p>	<p>1. In order to facilitate the penetration of renewable energy and/or waste heat or cold in the heating and cooling sector, each Member State shall endeavour to increase the share of renewable energy and/or waste heat or cold supplied for heating and cooling by at least 1 percentage point (pp) every year, expressed in terms of national share of final energy consumption and calculated according to the methodology set out in Article 7.</p> <p>2. Member States may designate and make public, on the basis of objective and non-discriminatory criteria, a list of measures and the collaborative entities, such as energy suppliers, which shall contribute to implement and assess the increase set out in paragraph 1.</p> <p>3. The increase set out in paragraph 1 shall be implemented through:</p> <p>(a) the physical incorporation of new renewable energy from heating and cooling systems;</p> <p>(b) processes directly linked to buildings and industry or some primary sector processes;</p> <p>(c) other policy measures with effects commensurate with what is set out in paragraph 1, such as national fiscal measures or other economic incentives.</p>

Commission proposal	CoR amendment
<p>4. Member States may use the established structures under the national energy efficiency obligation schemes set out in Article 7 of Directive 2012/27/EU to implement and monitor the measures referred to in Paragraph 2.</p>	<p>4. The different measures to be implemented shall consider that:</p> <ul style="list-style-type: none"> (a) the heating and cooling market is very fragmented and depends on the type of consumer, the degree of centralisation, the fuel previously used, etc. (b) tackling the obstacles to more efficient and sustainable heating and cooling will require action at local, regional and national level, within a supportive European framework. <p>In this way Member States may use or develop:</p> <ul style="list-style-type: none"> (a) initiatives to improve the financing and profitability: <ul style="list-style-type: none"> (i) tradable certificates proving compliance with the obligation through support to indirect mitigation measures, carried out by another economic operator such as an independent renewable technology installer or energy service company (ESCO) providing renewable installation services; (ii) review their property laws to address how to share benefits from renewable energy improvements between landlords and tenants or the residents of multi-apartment buildings; (iii) support local and regional actors who can improve the bankability of renewable heating and cooling investments through ‘bundling’ individual projects into bigger investment packages (aggregates); (iv) establish one-stop-shop for investment advice (encompassing advisory services, Project Development Assistance and project financing); (v) encourage retail banks to offer products adapted for renovation of privately rented buildings (e.g. deferred mortgages, term loans) that could be supported with public support; (vi) direct subsidies to investments will be avoided unless the installation supported has some added value as innovation, high efficiency, replicability, etc.

Commission proposal	CoR amendment
	<p data-bbox="815 264 1418 322">(b) initiatives to improve the public knowledge and confidence of technologies and suppliers:</p> <p data-bbox="874 443 1418 555">(i) using inspections of boilers to provide information on the renewable systems benefits in the replacement of existing heating and cooling systems;</p> <p data-bbox="866 680 1418 846">(ii) setting up and advertising websites with prices (plus environmental items, technical availability and reliability, etc.), comparison tools on a lifetime scheme in order to help potential or current consumers to decide the more interesting equipment, installation, fuel provider, etc.;</p> <p data-bbox="858 972 1418 1115">(iii) establish and advertise transparent mechanisms for the resolution of conflicts between users and suppliers that encourage them to offer better services and increase the confidence of potential clients;</p> <p data-bbox="863 1240 1418 1352">(iv) develop long-term communication and advertisement campaigns defined according to the type of potential consumer, renewable technology selected or the sector stakeholder;</p> <p data-bbox="815 1478 1418 1536">(c) initiatives to empower the installation and operation and maintenance companies:</p> <p data-bbox="866 1662 1418 1827">(i) without prejudice to other technological development initiatives, sectoral round tables between technological centres, equipment industry, engineering firms and installers will be implemented to help the latter improve their services and products;</p> <p data-bbox="863 1953 1418 2119">(ii) work with stakeholders (especially bodies such as consumers, installers or architect associations) to segment them and raise their interests, awareness and priorities about renewable energies, as a way to inspire the broad communication campaigns needed.</p>

Commission proposal	CoR amendment
<p>5. The entities designated under paragraph 2 shall ensure that their contribution is measurable and verifiable and shall report annually starting from 30 June 2021, to the authority designated by the Member State, on:</p> <p>(a) the total amount of energy supplied for heating and cooling;</p> <p>(b) the total amount of renewable energy supplied for heating and cooling;</p> <p>(c) the share of renewable energy in the total amount of energy supplied for heating and cooling; and</p> <p>(d) the type of renewable energy source.</p>	<p>(d) initiatives to bolster improve the sector:</p> <p>(i) the established structures under the national energy efficiency obligation schemes set out in Article 7 of Directive 2012/27/EU to implement and monitor the measures referred to in Paragraph 2;</p> <p>(ii) supporting local and regional authorities in preparing strategies for the promotion of renewable heating and cooling.</p> <p>5. The entities designated under paragraph 2 shall ensure that their contribution is measurable and verifiable and shall report annually starting from 30 June 2021, to the authority designated by the Member State, on:</p> <p>(a) the total amount of energy supplied for heating and cooling;</p> <p>(b) the total amount of renewable energy and/or waste heat or cold supplied for heating and cooling;</p> <p>(c) the share of renewable energy and/or waste heat or cold in the total amount of energy supplied for heating and cooling; and</p> <p>(d) the type of renewable energy source and the basic characteristics of the equipment of heating and cooling existing in the different points of consumption.</p>

Reason

Concerning 23(1), (3), (5)

The substitution of fossil fuels and the reduction of primary energy consumption mean that it is important for the heating and cooling sector to take not only renewable energies, but also surplus heat and co-products into consideration. If the desired objectives are to be achieved, it is also important to make economic incentives and fiscal measures possible.

Concerning 23(2)

The correction is simply to clarify the meaning of these entities. Energy supply is a concept that does not cover fuel only. In fact, energy could be supplied through fuel, electricity or solar energy.

Concerning 23(4)

Heating and cooling is a very important matter in EU. Last year the Commission published a specific strategy. Many of those ideas are not reflected in this directive and we have recovered them. Otherwise we have introduced some new ideas such as avoiding direct subsidies or the developing consumer confidence.

Concerning 23(5)

In order to have a better knowledge of the sector and the possibilities of future development, it is essential to know the state and characteristics of existing facilities. This information can be collected by the fuel supplier, thus allowing verification of administration registered data.

Amendment 20

Article 24(4)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) — COM(2016) 767 final — 2016/0382 (COD)

Commission proposal	CoR amendment
<p>Member States shall lay down the necessary measures to ensure non-discriminatory access to DHC systems for heat and cold produced from renewable energy sources and for waste heat and cold. This non-discriminatory access shall enable direct supply of heating or cooling from such sources to customers connected to the district heating or cooling system by suppliers other than the operator of the district heating or cooling system.</p>	<p>Member States shall lay down the necessary measures to ensure a regulated access to DHC systems for heat and cold produced from renewable energy sources and for waste heat and cold. This access shall enable supply of heating or cooling from such sources to the district heating or cooling system by suppliers other than the operator of the district heating or cooling system.</p>

Reason

A general right for third party actors to sell heating or cooling directly to end-users would be counter-productive and not cost-efficient. It creates uncertainty for investments and unclear long-term responsibility. An unbundling of the grid and the supply operations increases costs for end-users.

Amendment 21

(6)

Proposal for a Regulation on the internal market for electricity (recast) — COM(2016) 861 final

Commission proposal	CoR amendment
<p>More market integration and the change towards more volatile electricity production requires increased efforts to coordinate national energy policies with neighbours and to use the opportunities of cross-border electricity trade.</p>	<p>More market integration and the change towards more volatile electricity production requires increased efforts to coordinate national energy policies with neighbours and to use the opportunities of cross-border electricity trade, while maintaining a level playing field and upholding the principle of reciprocity.</p>

Reason

The involvement of third countries in the EU internal market in electricity can be highly significant for some Member States. When trading with third countries, therefore, it is very important to ensure a level playing field, and the same conditions for market access (principle of reciprocity).

Amendment 22

(8)

Proposal for a Regulation on the internal market for electricity (recast) — COM(2016) 861 final

Commission proposal	CoR amendment
<p>Core market principles should set out that electricity prices are to be determined through demand and supply. Those prices should signal when electricity is needed, providing market-based incentives for investments into flexibility sources such as flexible generation, interconnection, demand response or storage.</p>	<p>Core market principles should set out that electricity prices are to be determined through demand and supply. Those prices should signal when electricity is needed, providing market-based incentives for investments into flexibility sources such as flexible generation, interconnection, demand response or storage. With these objectives in mind, the Member States should gradually phase out price regulation.</p>

Reason

In many Member States, electricity prices do not follow demand and supply but are regulated by the public authorities. Price regulation can limit the development of effective competition and discourage investments and the entry of new suppliers into the market. The new market design aims at ensuring that electricity prices are free of any public intervention. The European Commission's proposal on the abolition of price regulation is welcomed in principle but this should happen gradually.

Amendment 23

(25)

Proposal for a Directive on common rules for the internal market in electricity (recast) — COM(2016) 864 final

Commission proposal	CoR amendment
<p>All consumers should be able to benefit from directly participating in the market, in particular by adjusting their consumption according to market signals and in return benefit from lower electricity prices or other incentive payments. The benefits of this active participation are likely to increase over time when electric vehicles, heat pumps and other flexible loads become more competitive. Consumers should be enabled to participate in all forms of demand response and therefore should have the possibility to opt for having a smart metering system and a dynamic electricity pricing contract. This should allow them to adjust their consumption according to real time price signals that reflect the value and cost of electricity or transportation in different time periods, while Member States should ensure a reasonable exposure of consumers to the wholesale price risk. Member States should also ensure that those consumers who choose not to actively engage in the market are not penalised but instead their informed decision-making on the options available to them should be facilitated in the manner that is the most suitable for domestic market conditions.</p>	<p>All consumers should be able to benefit from directly participating in the market, in particular by adjusting their consumption according to market signals and in return benefit from lower electricity prices or other incentive payments. The benefits of this active participation are likely to increase over time when electric vehicles, heat pumps and other flexible loads become more competitive. Consumers should be enabled to participate in all forms of demand response and therefore should have the possibility to opt for having a smart metering system and a dynamic electricity pricing contract. This should allow them to adjust their consumption according to real time price signals that reflect the value and cost of electricity or transportation in different time periods, while Member States should ensure a reasonable exposure of consumers to the wholesale price risk. Member States should also ensure that those consumers who choose not to actively engage in the market are not penalised but instead their informed decision-making on the options available to them should be facilitated in the manner that is the most suitable for domestic market conditions. National, regional and local authorities must create the necessary basis for consumers to receive comprehensive information about the requirements and opportunities of market participation. Member States should also ensure specific measures targeted at those consumers that are most vulnerable to the risk of energy poverty in order to ensure their active participation in the market, protect their right to access energy and to enable them to benefit from innovative technology that reduces their energy consumption.</p>

Reason

The amendment adds a provision to the effect that all authorities must encourage consumers to participate and give them comprehensive information about the relevant requirements and opportunities.

Amendment 24

(30)

Proposal for a Directive on common rules for the internal market in electricity (recast) — COM(2016) 864 final

Commission proposal	CoR amendment
<p>Distributed energy technologies and consumer empowerment have made community energy and energy cooperatives an effective and cost-efficient way to meet citizens' needs and expectations regarding energy sources, services and local participation. Community energy offers an inclusive option for all consumers to have a direct stake in producing, consuming or sharing energy between each other within a geographically confined community network that may operate in an isolated mode or be connected to the public distribution network. Community energy initiatives focus primarily on providing affordable energy of a specific kind, such as renewable energy, for their members or shareholders rather than prioritising profit-making like a traditional energy company. By directly engaging with consumers community energy initiatives are demonstrating their potential in facilitating the up-take of new technologies and consumption patterns, including smart distribution grids and demand response, in an integrated manner. Community energy can also advance energy efficiency at household level and help fight energy poverty through reduced consumption and lower supply tariffs. Community energy also enables certain groups of household consumers to participate in the energy market who otherwise might not have been able to do so. Where they have been successfully operated such initiatives have delivered economic, social and environmental value to the community that goes beyond the mere benefits derived from the provision of energy services. Local energy communities should be allowed to operate on the market on a level-playing field without distorting competition. Household consumers should be allowed to voluntarily participate in a community energy initiative as well as to leave, without losing access to the network operated by the community energy initiative or their rights as consumers. Access to a local energy community's network should be granted on fair and cost-reflective terms.</p>	<p>Distributed energy technologies and consumer empowerment have made community energy and energy cooperatives an effective and cost-efficient way to meet citizens' needs and expectations regarding energy sources, services and local participation. Community energy offers an inclusive option for all consumers to have a direct stake in producing, consuming or sharing energy between each other within a geographically confined community network that may operate in an isolated mode or be connected to the public distribution network. Community energy initiatives focus primarily on providing affordable energy of a specific kind, such as renewable energy, for their members or shareholders rather than prioritising profit-making like a traditional energy company. By directly engaging with consumers community energy initiatives are demonstrating their potential in facilitating the up-take of new technologies and consumption patterns, including smart distribution grids and demand response, in an integrated manner. Community energy can also advance energy efficiency at household level and help fight energy poverty through reduced consumption and lower supply tariffs. Community energy also enables certain groups of household consumers to participate in the energy market who otherwise might not have been able to do so. Where they have been successfully operated such initiatives have delivered economic, social and environmental value to the community that goes beyond the mere benefits derived from the provision of energy services. Local energy communities should — in accordance with clearly defined rules — be allowed to operate on the market on a level-playing field without distorting competition. Household consumers should be allowed to voluntarily participate in a community energy initiative as well as to leave, without losing access to the network operated by the community energy initiative or their rights as consumers. Access to a local energy community's network should be granted on fair and cost-reflective terms.</p>

Reason

Local energy communities can be an efficient way of managing energy at local level. In order to encourage the establishment of communities and their participation in the electricity market, it is very important to have an appropriate legal framework to set clear rules for the activities of the communities on the energy market.

Amendment 25

(38)

Proposal for a Directive on common rules for the internal market in electricity (recast) — COM(2016) 864 final

Commission proposal	CoR amendment
<p>Currently different models for the management of data have been developed or are under development in the Member States following the deployment of smart metering systems. Independently of the data management model it is important that Member States put in place transparent rules under which data can be accessed under non-discriminatory conditions and ensure the highest level of cybersecurity and data protection as well as the impartiality of the entities which handle data.</p>	<p>Currently different models for the management of data have been developed or are under development in the Member States following the deployment of smart metering systems. Independently of the data management model it is important that Member States put in place transparent rules under which data can be accessed under non-discriminatory conditions and ensure the highest level of cybersecurity and data protection as well as the impartiality of the entities which handle data. <i>For consumers to be involved in demand response and have the option of a dynamic pricing system, they must have access via distributors to information about their hourly electricity consumption. It is recommended that such access to information be available for all smart electricity meters and be installed for all contracted power ranges.</i></p>

Reason

Access to information for all smart electricity meters should be a recommendation, not a binding requirement, but must be installed for all contracted power ranges.

Amendment 26

(3)

Proposal for a Regulation of the European Parliament and of the Council establishing a European Union Agency for the Cooperation of Energy Regulators (recast) — COM(2016) 863 final — 2016/0378 (COD)

Commission proposal	CoR amendment
<p>It is projected that the need for coordination of national regulatory actions will increase further in the coming years. Europe's energy system is in the middle of its most profound change in decades. More market integration and the change towards more variable electricity production requires increased efforts to coordinate national energy policies with neighbours and to use the opportunities of cross-border electricity trade.</p>	<p>It is projected that the need for coordination of national regulatory actions will increase further in the coming years. Europe's energy system is in the middle of its most profound change in decades. More market integration and the change towards more variable electricity production requires increased efforts to coordinate national energy policies with neighbours and to use the opportunities of cross-border electricity trade. <i>It is also important to strengthen the national regulatory authorities. Member States must guarantee the independence and unimpeded functioning of their national regulatory authorities. In order for national regulatory authorities to function adequately the necessary resources must be made available and it must also be possible for them to be involved with full rights in cooperation at EU level.</i></p>

Reason

Greater coordination between Member States in the area of energy is to be welcomed. However, the role of the national regulatory authority in each individual EU Member State is equally important. It should be pointed out that the Member States must guarantee the independence and unimpeded functioning of their national regulatory authorities. Sufficient resources must also be provided so that the national regulatory authorities can do their job properly.

Amendment 27

Article 14

Proposal for a Regulation of the European Parliament and of the Council establishing a European Union Agency for the Cooperation of Energy Regulators (recast) — COM(2016) 863 final — 2016/0378 (COD)

Commission proposal	CoR amendment
<p>The Agency may, in circumstances clearly defined by the Commission in Guidelines adopted pursuant to Article 57 of [recast Electricity Regulation as proposed by COM(2016) 861/2] or Article 23 of Regulation (EC) No 715/2009 and on issues related to the purpose for which it has been established, be commissioned with additional tasks respecting the limits of transfer of executive powers to Union agencies.</p>	<p>The Agency may, in circumstances clearly defined by the Commission in Guidelines adopted pursuant to Article 57 of [recast Electricity Regulation as proposed by COM(2016) 861/2] or Article 23 of Regulation (EC) No 715/2009 and on issues related to the purpose for which it has been established, be commissioned with additional tasks respecting the limits of transfer of executive powers to Union agencies.</p> <p><i>The European Commission should ensure that the Agency for the Cooperation of Energy Regulators (ACER) has the necessary competences to request the information it needs from the relevant Member State institutions in order to be able to carry out the tasks assigned to it.</i></p>

Reason

In the interests of smooth working procedures, it is necessary to ensure that the Agency for the Cooperation of Energy Regulators has sufficient rights and competences to swiftly obtain the information it needs from the relevant Member State institutions in order to be able to carry out the tasks assigned to it.

Amendment 28

Article 16(2)

Proposal for a Regulation of the European Parliament and of the Council establishing a European Union Agency for the Cooperation of Energy Regulators (recast) — COM(2016) 863 final — 2016/0378 (COD)

Commission proposal	CoR amendment
<p>The Agency shall publish annually a report on the results of the monitoring referred to in paragraph 1. In that report, it shall identify any barriers to the completion of the internal markets in electricity and natural gas.</p>	<p>The Agency shall publish annually a report on the results of the monitoring referred to in paragraph 1. In that report, it shall identify any barriers to the completion of the internal markets in electricity and natural gas <i>and issue recommendations.</i></p>

Reason

The Agency for the Cooperation of Energy Regulators is being given greater responsibility and more resources are being made available. It is receiving more competences on cross-border issues, which require a coordinated response. It would therefore be useful for the Member States if the Agency were also to issue general recommendations in its report on the results of the monitoring.

Amendment 29

(13)

Proposal for a Regulation of the European Parliament and of the Council on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC — COM(2016) 862 final — 2016/0377 (COD)

Commission proposal	CoR amendment
<p>On the basis of this common methodology, ENTSO-E should regularly draw up and update regional crisis scenarios and identify the most relevant risks for each region such as extreme weather conditions, natural disasters, fuel shortages or malicious attacks. When considering the crisis scenario of gas fuel shortage, the risk of gas supply disruption should be assessed based on the gas supply and infrastructure disruption scenarios developed by the European Network of Transmission System Operators for Gas pursuant to Article 6.6 of the Gas Security of Supply Regulation [proposed Gas Security of Supply Regulation]. Member States should establish and update their national crisis scenarios on this basis, in principle every three years. The scenarios should provide the basis for the risk-preparedness plans. When identifying risks on national level the Member States should also describe possible risks they see in relation to the ownership of infrastructure relevant for security of supply, and possible measures taken, if any, to address such risks (such as general or sector-specific investment screening laws, special rights for certain shareholders, etc.), with an indication why in their view such measures are justified.</p>	<p>On the basis of this common methodology, ENTSO-E should regularly draw up and update regional crisis scenarios and identify the most relevant risks for each region such as extreme weather conditions, natural disasters, fuel shortages or malicious attacks. When considering the crisis scenario of gas fuel shortage, the risk of gas supply disruption should be assessed based on the gas supply and infrastructure disruption scenarios developed by the European Network of Transmission System Operators for Gas pursuant to Article 6.6 of the Gas Security of Supply Regulation [proposed Gas Security of Supply Regulation]. As part of the various types of regional cooperation it is recommended to present and discuss the energy situation in the region and, in doing so, to identify opportunities and threats. Member States should establish and update their national crisis scenarios on the basis of this information, in principle every three years. The scenarios should provide the basis for the risk-preparedness plans. When identifying risks on national level the Member States should also describe possible risks they see in relation to the ownership of infrastructure relevant for security of supply, and possible measures taken, if any, to address such risks (such as general or sector-specific investment screening laws, special rights for certain shareholders, etc.), with an indication why in their view such measures are justified.</p>

Reason

It is appropriate and useful to make provision for ENTSO-E to regularly draw up and update regional crisis scenarios and to identify the most relevant risks for each region, such as extreme weather conditions, natural disasters, fuel shortages or malicious attacks. However, it is important to strengthen regional cooperation between Member States. For the Member States it is useful if the situation at regional level is presented and discussed prior to them drafting their respective national crisis scenarios. In this way, Member States would be able to better identify and understand the national and regional measures that make crisis management as effective and smooth as possible.

Amendment 30

(18)

Proposal for a Regulation of the European Parliament and of the Council on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC — COM(2016) 862 final — 2016/0377 (COD)

Commission proposal	CoR amendment
<p>To ensure a common approach to crisis prevention and management, the competent authority of each Member State should draw up a risk-preparedness plan, after consulting stakeholders. The plans should describe effective, proportionate and non-discriminatory measures addressing all identified crisis scenarios. Plans should provide transparency especially as regards the conditions in which non-market measures can be taken to mitigate crisis situations. All envisaged non-market measures should comply with the rules set out in this Regulation.</p>	<p>To ensure a common approach to crisis prevention and management, the competent authority of each Member State should draw up a risk-preparedness plan, after consulting stakeholders, including, where possible, local and regional authorities. The plans should describe effective, proportionate and non-discriminatory measures addressing all identified crisis scenarios. Plans should provide transparency especially as regards the conditions in which non-market measures can be taken to mitigate crisis situations. All envisaged non-market measures should comply with the rules set out in this Regulation.</p>

Reason

It is important for there to be a common approach to crisis prevention and management in each Member State.

Accordingly, this calls for close cooperation between all interested parties, with the emphasis placed on direct communication, including, where relevant, with local and regional authorities.

Amendment 31

Article 16(1)

Proposal for a Regulation of the European Parliament and of the Council on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC — COM(2016) 862 final — 2016/0377 (COD)

Commission proposal	CoR amendment
<p>As soon as possible and no later than six weeks after declaring an electricity crisis situation, the competent authorities concerned, in consultation with their national regulatory authority (where it is not the competent authority) shall provide the Electricity Coordination Group and the Commission with an evaluation report.</p>	<p>As soon as possible and no later than four weeks after declaring an electricity crisis situation, the competent authorities concerned, in consultation with their national regulatory authority (where it is not the competent authority) shall provide the Electricity Coordination Group and the Commission with an evaluation report.</p>

Reason

The declaration of an electricity crisis situation presents a major challenge both for the Member State and the EU as a whole. Such a situation therefore calls for a quick response and swift action. The four-week deadline for submitting the evaluation report proposed in the amendment is sufficient and at the same time guarantees a faster flow of information.

Amendment 32

Article 18

Proposal for a Regulation of the European Parliament and of the Council on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC — COM(2016) 862 final — 2016/0377 (COD)

Commission proposal	CoR amendment
<p>Member States and the Energy Community Contracting Parties are invited to closely cooperate in the process of the identification of electricity crisis scenarios and the establishment of risk-preparedness plans so that no measures are taken that endanger the security of supply of Member States, Contracting Parties or the Union.</p> <p>In this respect, Energy Community Contracting Parties may participate in the Electricity Coordination Group upon invitation by the Commission with regard to all matters by which they are concerned.</p>	<p>Member States and the Energy Community Contracting Parties are invited to closely cooperate in the process of the identification of electricity crisis scenarios and the establishment of risk-preparedness plans so that no measures are taken that endanger the security of supply of Member States, Contracting Parties or the Union. Regional cooperation is specifically highlighted and recommended in order to maximise the efficiency of administration in the energy sector. In this respect, Energy Community Contracting Parties may participate in the Electricity Coordination Group upon invitation by the Commission with regard to all matters by which they are concerned.</p>

Reason

In order to maximise the effectiveness and efficiency of the management of electricity crisis situations, it is important to point out the importance of cooperation between Member States at regional level. Regional cooperation allows for quick solutions at low costs.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR)

General comments

1. welcomes the European Commission's 'clean energy package' and signals that the central points it sets out — energy efficiency and sustainability of buildings, industry and transport, the development of renewable energy sources, and conditions and how to design them sensibly so as to enable consumers to participate by managing their energy requirements, the creation of the internal market in energy and the creation of new responsibilities for electricity distribution networks, transmission system operators and national legislators will help to ensure energy independence and security of energy supply, meet climate protection goals, and above all guarantee affordable energy prices for consumers;

2. stresses, however, that there are clear indications that the current EU targets under the energy and climate package 2030 will not be sufficient to meet the commitments which all Member States and the EU have made by signing the Paris Agreement; in particular, is convinced that the 27 % renewable energy target at EU level is not sufficiently ambitious and therefore calls on the European Commission and the Member States to aim higher;

3. welcomes the proposals for close cross-border cooperation at regional level while also calling on the European Commission to put forward options regarding how such cooperation can be supported by expanding rights to participate at the micro level, enabling close cooperation between local and regional authorities, and providing neighbouring regions with real opportunities to develop a common energy infrastructure spanning national borders;

4. regrets the fact that the Commission's proposals only vaguely sketch out the role of local and regional authorities and underlines local and regional authorities' important contribution to achieving climate protection goals. Many towns and cities across the EU have had climate and sustainable energy action plans for many years which call for low-CO₂ heat and energy generation, the use of renewable energy sources, measures to increase energy efficiency, and the development of sustainable transport;

5. agrees with the European Commission's aims to create a flexible, market-based framework that promotes the development of renewable energy sources while also avoiding market distortions, and especially welcomes the proposals to give consumers — who are to become active players on the electricity market — greater incentives; emphasises that local and regional authorities can contribute to this by establishing energy communities;

6. is of the view that regional cooperation to draw up national plans needs to be strengthened in areas that have clear cross-border implications; considers it very important, before national plans are drawn up, that measures are coordinated with the EU's neighbouring countries at an early stage and that local and regional authorities are involved in the process;

7. believes that Member States should intensify their efforts to eliminate administrative obstacles, bring down the cost of less mature low-carbon technologies, and focus more on effectively coordinating planning, implementation and reporting at national, regional and local level;

Developing renewable energy sources and market integration

8. shares the view that the EU should pay more attention to the development and use of technologies in the renewables sector, and notes that new technologies will offer all consumers (from industrial firms to households) the opportunity to make smarter and more sparing use of energy and to choose clean and efficient methods of generating energy;

9. believes that the lack of a renewables target for transport in Member States is a very important shortcoming, especially when meeting the 10 % target for 2020, set out in the current Directive, has been the main incentive for the development of biofuels. Therefore, proposes to include a target for biofuels (including sustainably produced conventional ones), which could be 14 %;

10. takes the view that renewable energy can be competitive, and notes that some renewable energy sources, such as onshore wind farms, are fully able to compete with fossil fuel energy sources and that wind energy prices will continue to fall if more wind energy capacity is installed and the technology is improved;

11. shares the view that innovations in the area of clean energy sources require a smoothly operating internal market and fair competition, enabling new market operators to implement innovative renewable energy projects; emphasises, however, that there must be a level playing field for the implementation of innovative projects compared to operators already on the market;

12. notes that when they are creating support schemes for renewable energy sources, the Member States should be aware of the specific characteristics of the different renewable energy technologies (e.g. price levels, risks, possibility of providing system services). This would mean greater cost-effectiveness, as well as achieving the long-term target of reducing CO₂ emissions;

13. is of the view that the European Commission should encourage Member States to take appropriate measures to support the development of renewable energy sources. Member States must be granted more flexibility in relation to the development of next-generation renewable energy technologies and to the protection of small-scale projects, including combined heat and power plants that are connected to local district heating and cooling networks;

14. points out that significant financial resources are required to develop renewable energy sources and to integrate the market, making it particularly important to prioritise this and to develop a common approach among EU, national, local and regional authorities in the interests of connecting the different financing sources and achieving a multiplier effect;

15. urges the European Commission — taking into account the Member States' existing support schemes and with a view to harmonising the rules and the mobilisation of investment in this industry — to clearly set out in the Renewable Energy Directive what approach should be followed for the support schemes;

16. notes that having clear and accurate information about the possibility of using EU financial instruments after 2020 is no less important when it comes to achieving ambitious objectives; also emphasises that advanced financing techniques must be used in order to ensure that the principal investments come from the private sector. In this regard, notes that 25 % of the projects funded by the European Fund for Strategic Investments (EFSI) have been energy-related, greatly helping to boost the energy sector;

17. shares the view that support schemes for electricity generated from renewable sources have proved to be an effective way of fostering deployment of renewable electricity; emphasises, however, that according to the Guidelines on State Aid for Environmental Protection and Energy 2014-2020, applicable as of 1 July 2014, renewable energy production should be integrated into the internal electricity market in a gradual way, State aid should reflect falling production costs, and market distortions should be avoided; also points out that external costs associated with fossil fuels must be made more transparent;

18. agrees in principle with opening up support schemes for projects in other Member States, but recommends that the Member States look carefully at the options for market opening in order to avoid such an obligation reducing local production due to the greater financial capacity of the other EU Member States involved in the distribution of support; is therefore of the opinion that preference should be given to support schemes based on cross-border cooperation and that there should be a particular focus on interconnections;

Internal market in electricity and risk management

19. emphasises that an integrated energy market is the best tool to guarantee affordable energy prices and secure energy supplies, and to enable the generation of larger volumes of electricity produced from renewable sources to be integrated in a cost efficient manner; therefore welcomes the European Commission's proposals for an electricity market design that promotes the introduction of renewable energy, improves demand management, creates an integrated energy market at regional level and strengthens the position of consumers;

20. points out that in many Member States, electricity prices do not follow demand and supply but are regulated by the public authorities. This may hamper competition and hinder the mobilisation of investment and the entry into the market of new suppliers, and must always be duly justified with regard to specific policy aims such as protecting the most vulnerable consumers. The Committee of the Regions therefore supports the proposed market liberalisation and the reduction of state interference with the aim to reduce prices for consumers, but points out that the deregulation of energy prices should be carried out gradually by the Member States and with due respect to the special nature of energy as service of general interest;

21. shares the view that local energy communities can be an efficient way of managing energy at local level; calls on the Commission to create technical and financial tools to enable local and regional authorities to provide these communities with comprehensive support;

22. shares the view that the Member States must develop risk-preparedness plans in order to avoid crisis situations, and stresses the importance of regional cooperation for the more efficient administration of the energy sector; is also of the view that regional and local authorities must be consulted as part of the process of drawing up these plans;

23. stresses that the fight against energy poverty requires a common definition of the problem at EU level, the collection and exchange of the relevant data in cooperation between different levels of governance and a set of targeted policies and measures to help the most vulnerable energy consumers to participate in the market and to alleviate the burden of high energy prices;

Agency for the Cooperation of Energy Regulators (ACER)

24. welcomes the fact that the legal regime is being comprehensively reviewed, i.e. that not only individual aspects of the energy market are being taken into account but also their relations with each other, the interaction of those involved in pursuing these targets and the division of competences. The greater emphasis being placed on the ACER in devising and implementing the network codes is to be welcomed; stresses, however, that the European Commission must ensure that the ACER has the necessary competences to obtain information from the most important institutions in the Member States and to perform other coordination tasks;

25. points out that, in accordance with the principle of proportionality, regulatory measures of the ACER do not replace national decisions; also recommends strengthening national regulatory authorities. Member States must guarantee the independence and unimpeded functioning of their national regulatory authorities. In order for national regulatory authorities to function adequately the necessary resources must be made available and it must also be possible for them to be involved with full rights in cooperation at EU level;

Consumers and the importance of information and education

26. welcomes the European Commission's proposal to reform the energy market and thereby to give consumers greater influence so they become market participants on an equal footing; supports the Commission's proposal to promote the introduction of smart meters, on a voluntary basis and in compliance with data protection principles, so that consumers receive comprehensible bills and can change electricity supplier more easily;

27. notes that more research and closer cooperation with representatives of local authorities are needed in order to better understand consumers' motives for participating in the electricity market. A better understanding of the factors that lead to changes in consumer behaviour can provide important information on how consumers may be encouraged to act as strong and responsible players in the new electricity market;

28. notes that research has shown that consumers complain about a lack of transparency in electricity markets, reducing their ability to benefit from competition and actively participate in markets. Consumers do not feel sufficiently informed about alternative providers and choices; stresses, therefore, that the problems relating to privacy protection and the security of customer data must be solved, and calls on the European Commission to present technical proposals on how high standards of security can be ensured;

29. stresses the importance of local and regional authorities in promoting the establishment of energy communities; notes that local authority representatives can provide support in the following areas: capacity building, support with accessing finance, training, sharing positive experiences, ensuring technical assistance and promoting partnerships;

30. highlights the importance of educational measures that encourage consumers to become active players in the energy sector. In this regard, an active role for the Committee of the Regions is important and needs to be supported as it could make a significant contribution to disseminating information, spreading ideas among local communities, and exchanging best practices;

The role of local and regional authorities

31. notes that local and regional authorities play an important role in the energy sector: through their actions, local and regional authorities can influence the development of energy infrastructure and the functioning of the market. They organise the provision of services; are responsible for spatial planning and land use policy, street lighting, the provision of transport services and the management of housing; make decisions on issuing permits; and educate and inform local people. Additionally, they control large budgets for public procurement of energy-consuming products and services. In many cases, local and regional authorities are also energy producers;

32. points out that local and regional authorities are not mentioned in the Commission's proposals as being important energy sector players, and calls on the Commission to treat local and regional authorities as equal partners at the central level when implementing further measures;

33. notes that local and regional authorities can contribute to promoting the use of renewable energy and improving energy efficiency at local and regional level, for instance by establishing ambitious targets and action plans, simplifying administrative procedures and rules or providing financial support, as well as through the education system. Highlights in this regard that more than 6 600 local and regional authorities have signed the Covenant of Mayors and that more should be encouraged to voluntarily join this and other similar international initiatives;

34. considers that local and regional authorities should be consulted with regard to future specific measures due to the role they play in planning infrastructure, attracting investors and informing and consulting consumers;

35. offers its assistance to local and regional authorities in establishing contacts with relevant experts, in order to improve their capabilities and better coordinate common approaches;

Subsidiarity and proportionality

36. notes that some national parliaments have expressed concerns regarding the European Commission's proposals in terms of their adherence to the principle of subsidiarity. Local and regional authorities bear great responsibility for ensuring EU rules are effective; is therefore of the view that a more thorough examination may be needed of whether the principles of subsidiarity and proportionality have been upheld.

Brussels, 13 July 2017.

*The President
of the European Committee of the Regions*

Markku MARKKULA

Opinion of the European Committee of the Regions — Energy Union Governance and Clean Energy

(2017/C 342/13)

Rapporteur:	Bruno Hranić (HR/EPP) Mayor of Vidovec
Reference documents:	Proposal for a Regulation of the European Parliament and of the Council on the Governance of the Energy Union
	COM(2016) 759 final
	Communication — Clean Energy For All Europeans
	COM(2016) 860 final
	Communication — Accelerating Clean Energy Innovation
	COM(2016) 763 final

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

Proposal for a regulation

Recital 1

Commission proposal	CoR amendment
	(1) This Regulation aims to establish the necessary partnerships between the Union, Member States individually and grouped into macro-regional partnerships, and the subnational levels of governance to jointly move forward in the energy transition. These different levels must work together in a spirit of solidarity and trust for their mutual benefit.

Reason

The Regulation should set out at the very beginning the need for multi-level governance cooperation of all different levels. The proposal is based on a similar idea proposed in the draft European Parliament report PE 604.777 (Am 2).

Amendment 2

Proposal for a regulation

Article 9(2)

Commission proposal	CoR amendment
<p>2. The Commission <i>may</i> issue recommendations on the draft plans to Member States in accordance with Article 28. Those recommendations shall in particular set out:</p> <p>(a) the level of ambition of objectives, targets and contributions in view of collectively achieving the Energy Union objectives and notably the Union's 2030 targets for renewable energy and energy efficiency;</p>	<p>Draft integrated national energy and climate plans</p> <p>2. The Commission shall assess draft integrated national energy and climate plans and issue country-specific recommendations on the draft plans to Member States in accordance with Article 28 in order to:</p> <p>(a) contribute to achieving the objectives, targets and contributions of the Energy Union;</p>

Commission proposal	CoR amendment
<p>(b) policies and measures relating to Member States' and Union level objectives and other policies and measures of potential cross-border relevance;</p> <p>(c) interactions between and consistency of existing (implemented and adopted) and planned policies and measures included in the integrated national energy and climate plan within one dimension and among different dimensions of the Energy Union.</p>	<p>(b) ensure that policies and measures relating to Member States' action plans and other policies and measures are fit for purpose, in particular also those measures of potential cross-border relevance;</p> <p>(c) promote interactions between and consistency of existing (implemented and adopted) and planned policies and measures included in the integrated national energy and climate plan within one dimension and among different dimensions of the Energy Union;</p> <p>(d) insist that Member States take into account explicitly the commitments entered into at local and regional level and the outcomes achieved under initiatives such as the Covenant of Mayors; and develop procedures for taking on board the contributions of all relevant government and administrative tiers with the relevant integrated national energy and climate plans;</p>

Reason

It is very important to ensure consistency and complementarity between the different Member States' action plans and policies at EU level, and to promote the involvement of local and regional authorities and their contributions. The proposal is based on similar suggestions in the draft European Parliament Report PE 604.777 (Amendments 97-100).

Amendment 3

Proposal for a regulation

Article 10

Commission proposal	CoR amendment
<p>Without prejudice to any other Union law requirements, Member States shall ensure that the public is given early and effective opportunities to participate in the preparation of draft plans referred to in Article 9 of this Regulation and attach to the submission of their draft integrated national energy and climate plan to the Commission a summary of the public's views. In so far as the provisions of Directive 2001/42/EC are applicable, consultations undertaken in accordance with that Directive shall be deemed to satisfy also the obligations to consult the public under this Regulation.</p>	<p>Public consultation</p> <p>Without prejudice to any other Union law requirements, Member States shall ensure that the public is given early and effective opportunities to participate in the preparation of draft plans referred to in Article 9 of this Regulation and attach to the submission of their draft integrated national energy and climate plan to the Commission a summary of the public's views. In so far as the provisions of Directive 2001/42/EC are applicable, consultations undertaken in accordance with that Directive shall be deemed to satisfy also the obligations to consult the public under this Regulation.</p> <p>In view of the politically recognised role of regional and local authorities in the implementation of sustainable energy policies, and taking into account the Commission's aim of securing better regulation, national authorities are required to involve local and regional authorities in planning and monitoring in accordance with the constitutional and political provisions of each Member State.</p>

Reason

Effective coordination between the national level and local and regional authorities in planning, implementing and reporting on energy and climate policies can help avoid unnecessary administrative burdens and meet the requirements of better regulation.

Amendment 4**Proposal for a regulation**

A new article after Article 10

Commission proposal	CoR amendment
	<p>A multi-level Energy Dialogue platform</p> <p>1. In a spirit of partnership, Member States shall establish a permanent Energy Dialogue to support active engagement of local and regional authorities, civil society organisations, business community, investors, any other relevant stakeholders and the general public in managing the energy transition, including energy poverty.</p> <p>2. Member States shall submit to this Energy Dialogue different options and scenarios envisaged for their short-, medium- and long-term energy and climate policies, together with a cost-benefit analysis for each option.</p> <p>3. Member States shall ensure that the Energy Dialogue benefits from adequate human and financial resources and support, together with the European Commission, exchanges between different Energy Dialogues.</p>

Reason

On a subject as important as the energy transition it is necessary to create structures which ensure permanent dialogue with all those concerned to explore different options and scenarios and prepare common solutions. It is based on a similar idea proposed in the draft EP report PE 604.777

Amendment 5**Proposal for a regulation**

Article 18(b)

Commission proposal	CoR amendment
<p>Member States shall include in the integrated national energy and climate progress reports the information:</p> <p>(b) on the implementation of the following policies and measures:</p> <p>(1) implemented, adopted and planned policies and measures to achieve the national contribution to the binding Union-level 2030 target for renewable energy as indicated in Article 4(a)(2)(i), including sector- and technology-specific measures, with a specific review of the implementation of measures laid down in Articles 23, 24 and 25 of [recast of Directive 2009/28/EC as proposed by COM(2016) 767];</p>	<p>Member States shall include in the integrated national energy and climate progress reports the information:</p> <p>(b) on the implementation of the following policies and measures:</p> <p>(1) implemented, adopted and planned policies and measures to achieve the national contribution to the binding Union-level 2030 target for renewable energy as indicated in Article 4(a)(2)(i), including sector- and technology-specific measures, with a specific review of the implementation of measures laid down in Articles 23, 24 and 25 of [recast of Directive 2009/28/EC as proposed by COM(2016) 767];</p>

Commission proposal	CoR amendment
<p>(2) specific measures for regional cooperation;</p> <p>(3) without prejudice to Articles 107 and 108 TFEU, specific measures on financial support, including Union support and the use of Union funds, for the promotion of the use of energy from renewable sources in electricity, heating and cooling, and transport;</p> <p>(4) specific measures to fulfil the requirements of Articles 15, 16, 17, 18, 21 and 22 of [recast of Directive 2009/28/EC as proposed by COM(2016) 767];</p> <p>(5) measures promoting the use of energy from biomass, especially for new biomass mobilisation taking into account biomass availability (both the domestic potential and the imports from third countries) and other biomass uses (agriculture and forest-based sectors), as well as measures for the sustainability of biomass produced and used;</p> <p>(c) as set out in Part 1 of Annex VII.</p>	<p>(2) specific measures for regional cooperation;</p> <p>(3) without prejudice to Articles 107 and 108 TFEU, specific measures on financial support, including Union support and the use of Union funds, for the promotion of the use of energy from renewable sources in electricity, heating and cooling, and transport;</p> <p>(4) specific measures to fulfil the requirements of Articles 15, 16, 17, 18, 21 and 22 of [recast of Directive 2009/28/EC as proposed by COM(2016) 767];</p> <p>(5) measures promoting the use of energy from biomass, especially for new biomass mobilisation taking into account biomass availability (both the domestic potential and the imports from third countries) and other biomass uses (agriculture and forest-based sectors), as well as measures for the sustainability of biomass produced and used;</p> <p>(6) progress in increasing the share of renewable energy in the delivery of heating and cooling services without, however, placing undue administrative burden on local or regional authorities or end-users;</p> <p>(c) as set out in Part 1 of Annex VII.</p>

Reason

Heating and cooling offers a significant untapped potential for reducing greenhouse gas emissions and boosting the use and production of renewable energy (see Committee of the Regions opinion on An EU Strategy for Heating and Cooling). When it comes to the Renewable Energy Directive, the national and regional/local levels should work closely together to pursue a binding target of increasing renewables use in the heating and cooling sector by 1 % a year, since this makes a tangible and effective contribution to attaining the overall EU target of 27 % renewable energy by 2030.

Amendment 6

Proposal for a regulation

Article 37

Commission proposal	CoR amendment
<p>1. The Commission shall be assisted by an Energy Union Committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011 and work in the respective sectorial formations relevant for this Regulation.</p>	<p>Energy Union Committee</p> <p>1. The Commission shall be assisted by an Energy Union Committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011 and work in the respective sectorial formations relevant for this Regulation.</p>

Commission proposal	CoR amendment
<p>2. This Committee replaces the committee established by Article 8 of Decision 93/389/EEC, Article 9 of Decision 280/2004/EC and Article 26 of Regulation (EU) No 525/2013. References to the committee set up pursuant to those legal acts shall be construed as references to the committee established by this Regulation.</p> <p>3. Where reference is made to this article, Article 5 of Regulation (EU) No 182/2011 shall apply.</p>	<p>2. This Committee replaces the committee established by Article 8 of Decision 93/389/EEC, Article 9 of Decision 280/2004/EC and Article 26 of Regulation (EU) No 525/2013. References to the committee set up pursuant to those legal acts shall be construed as references to the committee established by this Regulation.</p> <p>3. Where reference is made to this article, Article 5 of Regulation (EU) No 182/2011 shall apply.</p> <p>4. The Committee shall include one representative designated by the Committee of the Regions, who shall represent the local and regional authorities of the whole EU at institutional level.</p>

Reason

The key role of local and regional authorities in measures relating to the Energy Union has been repeatedly acknowledged by leading European Union and European Parliament politicians.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR)

Main goals and target groups

1. reiterates its call for implementing more ambitious targets for energy efficiency and the share of renewable energy at EU level, which should be raised to 40 % by 2030;
2. endorses the three core goals of the 'Clean Energy For All Europeans' package: (1) putting energy efficiency first; (2) achieving global leadership in renewable energies; and (3) providing a fair deal for consumers; regrets, however, that these goals are not fully achievable with the supporting regulations and non-legislative initiatives and that not enough emphasis has been placed on reducing the import dependency factor reflecting the share of all clean indigenous energy sources (renewable and conventional) in the energy mix;
3. calls on the European Commission, in this connection, to make energy efficiency the top priority, to declare it an infrastructure priority and to make sure that public grants and financial instruments favouring energy efficiency are classed as capital costs, which would improve the security and reliability of the energy efficiency system. This would establish a clear policy safeguarding the budget and fostering competitiveness in Europe;
4. welcomes the proposals to create a legal framework for Energy Union governance that would simplify and integrate the existing planning, reporting and monitoring obligations on energy and climate and calls on the Member States and the Commission to involve local and regional authorities in this political governance process;

Energy efficiency and renewable energy heavily depend on measures at devolved level

5. stresses and highlights the important role of local and regional authorities in strategic governance at the level nearest to consumers, in management of decentralised energy production, promotion of the right investment climate and in coupling energy and climate policies with measures taken in relation to housing, energy poverty, transport, economic development, and town and country planning or land use;
6. draws attention to the key role of local and regional authorities in the implementation of energy policy, the identification of financing instruments for energy projects — especially those involving renewable energies — and in promoting sustainable energy models and best practices among consumers;

7. warns that the achievement of energy and climate targets set at European and national level will be jeopardised if the leading role of local and regional authorities in the implementation of energy policy in the Energy Union is not officially recognised;

8. points out that the process of drafting national energy and climate plans must be transparent and accountable so that local players, businesses and other stakeholders know what to expect from national governments and, in particular, how compliance with obligations is ensured and what steps could be taken if national plans proved insufficient to achieve the targets at EU level;

9. welcomes the European Commission's recognition that the transition to clean energy will be impossible without the involvement of many stakeholders from civil society and regional and local levels and therefore calls on Member States to properly involve regions and cities in the debate on the energy transition (and particularly on the integrated national energy and climate plans) so that the right response can be given to the needs of different sectors;

10. notes, however, that — whatever the different constitutional provisions of individual EU Member States — the proposals on governance make no specific reference to the institutional role of local and regional authorities (to say nothing of other stakeholders), apart from the general provisions on public consultation in Article 10, which states that 'the public [must be] given early and effective opportunities to participate in the preparation of draft plans';

11. suggests consideration be given to further reform of the EU rules on State aid in the energy sector to underpin the measures taken by towns and cities, in particular by devising specific guidelines for local action that seek to simplify the existing framework and by means of both specific exemption provisions for energy projects in the regeneration of local authority and social housing in order to tackle the problem of energy poverty. It should therefore be ensured that the resilience of cities and the energy transition are enshrined as priorities in the next framework — from 2020 onwards;

12. calls on the European Commission and Member State governments to step up cooperation with local and regional stakeholders, especially their local and regional energy agencies, in shaping the future energy and climate plans at national level and in this way to shift from a policy in which only a few players are involved to one in which all are involved;

13. notes, in this connection, the many successful projects involving the use of renewable energies that have been started and taken forward at local level in cooperation with SMEs, NGOs and civil society organisations and by means of investments by individuals in electricity and heat production from renewables;

14. points out that a large number of other key players are active locally in the ambit of energy efficiency and renewable energy sources, including small and medium-sized enterprises, NGOs and civil society organisations;

15. stresses the need to also involve local players in supporting the national government in pursuing a number of forward-looking EFSI projects that help in meeting Europe's climate and energy policy targets. The newly established European Investment Advisory Hub should provide a fast-track procedure to support cities that have committed themselves to developing projects with low CO₂ emissions;

16. calls, with reference to the European Investment Bank's JASPERS and ELENA programmes, for the implementation of further targeted technical assistance programmes that are needed to help cities and regions secure investment for carrying out ambitious projects, including by encouraging the development of a large portfolio of investment projects and the bundling of small and highly dispersed low-carbon emission projects;

Planning and reporting must be simplified and integrated on the basis of existing local and regional plans

17. points out that the governance of the EU Energy Union must aim for the 'streamlining and integrating' of planning in practice and that effective links to existing initiatives must be forged with regard to monitoring and reporting;

18. stresses that effective coordination is needed between the national and the local and regional tiers through planning, an implementation procedure and reporting in the area of energy and climate policy. This would help to avoid needless red tape and cater to the needs of better regulation;

19. points out that, with regard to climate change mitigation and adaptation measures, local and regional authorities are already heavily involved and many of them have already put together strategies, action plans and monitoring procedures, not least under the Covenant of Mayors initiative, which covers more than 5 679 action plans for sustainable urban development in the energy sector;

20. stresses that national plans and goals must be effectively tied in with goals at local and regional level and based on realistic and coordinated inputs from individual regions and sectors;

21. points out that participation is not just about consultation, but also an active role in initiating and designing specific measures;

Multi-level governance is a precondition for effective Energy Union governance

22. regrets that the current recommendations for Energy Union governance do not include a sufficiently clear multi-level approach and therefore calls for Member State governments to set up Energy Dialogue platforms in order to enlist all levels of government and administration and all relevant stakeholders in designing national climate plans, in their monitoring and reporting, as well as organising exchange between different national Energy Dialogues with the help of the European Commission to ensure consistency and address cross-border problems;

23. points out that there are a lot of advantages to an effective multi-level governance: the public and business, too, are involved in carrying out climate change measures and so take more ownership of the process and increase the chances of success, because the more visible governance is, the greater the public's sense of responsibility;

24. points out that Article 11 of the proposal (on regional cooperation) relates only to cooperation between Member States rather than to cooperation between sub-national levels of governance within or between individual Member States; calls on the Member States and the European Commission to also ensure appropriate support for cooperation between sub-national authorities, in particular cross-border cooperation, with a view to coordinating activities to fulfil the integrated national climate and energy plans;

25. calls on the European Commission to include a section on multi-level governance in the documentation it addresses to Member State governments with guidelines on reporting on national energy policy and its planning;

Getting consumers actively involved requires drivers to implement the directive, as well as effective support

26. again calls on the EU and the Member States to create legal frameworks that benefit both energy end-consumers and 'prosumers' and the other energy suppliers on the retail energy market; underlines also that decentralised and self-generation on the basis of renewable energies delivers numerous benefits to the energy system (reduced need for transmission infrastructure and maintenance, greater resilience and flexibility) and that these benefits should be reflected in a fair price for any surplus energy from such schemes being fed into the grid; encourages therefore Member States to develop or continue innovative pricing systems to address this issue;

27. points out the need for specialist advice, delivered in the right way, in the appropriate form and accessible through the appropriate communication channel on the ground for the target group and covering both technical and financial and practical aspects of the introduction of technologies with low CO₂ emissions;

28. stresses that measures taken in energy management must enable consumers to exercise control over their own consumption so that they can actively participate in the market and benefit from effective and appropriate customer protection; this is particularly important in the fight against energy poverty; the CoR therefore calls for the development of

a common definition of energy poverty at EU level and for a set of concrete policy proposals aimed at the most vulnerable consumers, protect them against unjustified disconnection, prioritise energy efficiency measures to their benefit and devise targeted information for them;

Promoting energy innovation in the move towards a low carbon economy

29. welcomes the focus the Commission puts in its Communication on accelerating clean energy innovation (COM (2016) 763) on two crucial political priorities: the creation of a resilient Energy Union with a forward-looking climate policy and new boosts to jobs, growth and investment;

30. calls for a business, innovation and investment-friendly environment and procedures achieved through targeted signals, strategies, standards and regulations and with the right support from financial instruments in which public funds are deployed to facilitate private investment (and support risk minimisation where necessary);

31. reiterates how important it is to configure energy policy in tight synergy with the European Union's research and innovation policy; stresses that innovation in the sphere of renewable forms of energy, sustainable mobility, updating of existing energy infrastructure, the building of smart power stations, carbon binding and energy storage must be further supported at local level; calls on the Commission, therefore, to ensure better support particularly for innovative projects in the outermost regions so these can be enlisted as genuine laboratories for the energy transition;

32. believes that the development of partnerships between local authorities under the smart-city initiatives has a key role to play in innovation in the field of clean energy in integrating areas such as energy saving in urban transport, interregional transport strategies, collaboration in new storage technologies, and smart public buildings. Better synergies between European Structural and Investment Funds and the European Fund for Strategic Investments are of crucial importance for the implementation of cross-border sustainable energy projects;

33. welcomes the focus being placed on Open Innovation and Open Science to give small and medium-sized enterprises, as well as civil society, the chance to further develop on the basis of new knowledge;

34. highlights the fact that the direct or indirect support for the use of fossil fuels (as well as the support provided by some Member States) must be scrapped as soon as possible because it masks the actual costs of such fuels for society and the environment and keeps prices artificially low, thereby hindering innovation in clean energy;

35. supports the proposed use of the legal instrument to expedite the development of innovative low-carbon technologies and their effective use. The transition to a low-carbon economy will require investment in smart heating and cooling systems and in increasing energy efficiency in industry, the construction sector and transport, as well as the co-financing of projects for investment in renewable energy;

36. stresses that the governance of the Energy Union must create the framework conditions for achieving the goals, such as easier access to public-private partnerships in order to accelerate project implementation, reduce red tape, identify any obstacles to local and regional authorities and provide legal certainty and predictability for investors;

37. calls for procurement to be used, as proposed, as an effective tool for creating a market for low carbon technologies.

Subsidiarity and proportionality

38. Considers that the proposed regulation does not raise concerns regarding its compliance with the principle of subsidiarity. However, it raises concerns regarding its compliance with the principle of proportionality as the suggested governance system is considered too complex, too detailed and to impose too tight reporting intervals. The CoR would have preferred to see the governance system introduced via a directive, instead of regulation, which would allow the proper involvement of regional authorities in federal countries.

Brussels, 13 July 2017.

*The President
of the European Committee of the Regions*

Markku MARKKULA

Opinion of the European Committee of the Regions — Energy efficiency and buildings

(2017/C 342/14)

Rapporteur:	Michiel Rijsberman (NL/ALDE) Member of the Executive Council of the Province of Flevoland
Reference documents:	Proposal for a Directive of the European Parliament and of the Council amending Directive 2012/27/EU on energy efficiency
	COM(2016) 761 final
	Proposal for a Directive of the European Parliament and of the Council amending Directive 2010/31/EU on the energy performance of buildings
	COM(2016) 765 final

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

EED Recital 4

Text proposed by the Commission	CoR amendment
(...) The need for the Union to achieve its energy efficiency targets at EU level, expressed in primary and final energy consumption, in 2020 and 2030 should be clearly set out in the form of a binding 30 % target.	(...) The need for the Union to achieve its energy efficiency targets at EU level, expressed in primary and final energy consumption, in 2020 and 2030 should be clearly set out in the form of a binding 40 % target.

Reason

Aiming for 40 % will lead to stronger economic growth, more jobs and fewer imports of fossil fuels than the 30 % savings target would. This is in line with the stance adopted by the European Parliament to date. The amendment is linked to amendment 2 and policy recommendation 5.

Amendment 2

EED Recital 7

Text proposed by the Commission	CoR amendment
Member States are required to achieve a cumulative end-use savings requirement for the entire obligation period, equivalent to 'new' savings of 1,5 % of annual energy sales. This requirement could be met by new policy measures adopted during the new obligation period from 1 January 2021 to 31 December 2030 or by new individual actions as a result of policy measures adopted during or before the previous period, but in respect of which the individual actions that trigger energy savings are actually introduced during the new period.	Member States are required to achieve a cumulative end-use savings requirement for the entire obligation period, equivalent to 'new' savings of 2 % of annual energy sales. This requirement could be met by new policy measures that are adopted during the new obligation period from 1 January 2021 to 31 December 2030 or by new individual actions as a result of policy measures adopted during or before the previous period, but in respect of which the individual actions that trigger energy savings are actually introduced during the new period.

Reason

This amendment follows on from amendment 3 and policy recommendations 5 and 7. In order to reach the desired level of 40 %, annual savings need to be at least 2 %.

Amendment 3

EED Article 1(1)

Text proposed by the Commission	CoR amendment
This Directive establishes a common framework of measures to promote energy efficiency within the Union in order to ensure that the Union's 2020 20 % headline targets and its 2030 30 % binding headline targets on energy efficiency are met (...).	This Directive establishes a common framework of measures to promote energy efficiency within the Union in order to ensure that the Union's 2020 20 % headline targets and its 2030 40 % binding headline targets on energy efficiency are met (...).

Reason

The reason for this amendment is linked to amendment 1 and policy recommendation 5.

Amendment 4

EED Article 7(1)

Text proposed by the Commission	CoR amendment
<p>new savings each year from 1 January 2021 to 31 December 2030 of 1,5 % of annual energy sales to final customers by volume, averaged over the most recent three-year period prior to 1 January 2019;</p> <p>Member States shall continue to achieve new annual savings of 1,5 % for ten-year periods after 2030, unless reviews by the Commission by 2027 and every 10 years thereafter conclude that this is not necessary to achieve the Union's long-term energy and climate targets for 2050.</p>	<p>new savings each year from 1 January 2021 to 31 December 2030 of 2 % of annual energy sales to final customers by volume, averaged over the most recent three-year period prior to 1 January 2019;</p> <p>Member States shall continue to achieve new annual savings of 2 % for ten-year periods after 2030, unless reviews by the Commission by 2027 and every 10 years thereafter conclude that this is not necessary to achieve the Union's long-term energy and climate targets for 2050.</p>

Reason

The reason for this amendment follows on from amendment 3 and ties in with policy recommendations 5, 7 and 8.

Amendment 5

EED Article 7

Text proposed by the Commission	CoR amendment
<p style="text-align: center;">Energy savings obligation</p> <p>1. Member States shall achieve cumulative end-use energy savings at least equivalent to:</p>	<p style="text-align: center;">Energy savings obligation</p> <p>1. Member States shall achieve cumulative end-use energy savings at least equivalent to:</p>

Text proposed by the Commission	CoR amendment
<p>(a) new savings each year from 1 January 2014 to 31 December 2020 of 1,5 % of annual energy sales to final customers by volume, averaged over the most recent three-year period prior to 1 January 2013;</p> <p>(...)</p> <p>For the purposes of point (b), and without prejudice to paragraphs 2 and 3, Member States may count only those energy savings that stem from new policy measures introduced after 31 December 2020 or policy measures introduced during the period from 1 January 2014 to 31 December 2020 provided it can be demonstrated that those measures result in individual actions that are undertaken after 31 December 2020 and deliver savings.</p> <p><i>The sales of energy, by volume, used in transport may be partially or fully excluded from these calculations.</i></p> <p>Member States shall decide how the calculated quantity of new savings is to be phased over each period referred to in points (a) and (b) as long as the required total cumulative savings have been achieved by the end of each period.</p> <p>2. Subject to paragraph 3, each Member State may:</p> <p>(a) <i>carry out the calculation required by point (a) of paragraph 1 using values of 1 % in 2014 and 2015; 1,25 % in 2016 and 2017; and 1,5 % in 2018, 2019 and 2020;</i></p> <p>(b) <i>exclude from the calculation all or part of the sales, by volume, of energy used in industrial activities listed in Annex I to Directive 2003/87/EC;</i></p> <p>(c) <i>allow energy savings achieved in the energy transformation, distribution and transmission sectors, including efficient district heating and cooling infrastructure, as a result of implementing the requirements set out in Article 14(4), point (b) of Article 14(5) and Article 15(1) to (6) and (9), to be counted towards the amount of energy savings required under paragraph 1;</i></p> <p>(d) <i>count energy savings resulting from individual actions newly implemented since 31 December 2008 that continue to have an impact in 2020 and beyond and which can be measured and verified, towards the amount of energy savings referred to in paragraph 1; and</i></p> <p>(e) <i>exclude from the calculation of the energy savings requirement referred to in paragraph 1 the verifiable amount of energy generated on or in buildings for own use as a result of policy measures promoting new installation of renewable energy technologies.</i></p>	<p>(a) new savings each year from 1 January 2014 to 31 December 2020 of 2,0 % of annual energy sales to final customers by volume, averaged over the most recent three-year period prior to 1 January 2013;</p> <p>(...)</p> <p>For the purposes of point (b), and without prejudice to paragraphs 2 and 3, Member States may count only those energy savings that stem from new policy measures introduced after 31 December 2020 or policy measures introduced during the period from 1 January 2014 to 31 December 2020 provided it can be demonstrated that those measures result in individual actions that are undertaken after 31 December 2020 and deliver savings.</p> <p>Member States shall decide how the calculated quantity of new savings is to be phased over each period referred to in points (a) and (b) as long as the required total cumulative savings have been achieved by the end of each period.</p>

Reason

The Energy Savings Obligations are due to deliver a substantial part of energy efficiency gains. It is therefore important to avoid too many exceptions, which also adds to the clarity of the legislation.

Amendment 6

EED Article 9a

Text proposed by the Commission	CoR amendment
<p>2. In multi-apartment and multi-purpose buildings with a central heating or cooling source or supplied from district heating and cooling systems, individual meters shall be installed to measure the consumption of heat or cooling or hot water for each building unit.</p> <p>Where the use of individual meters is not technically feasible or where it is not cost-efficient to measure heating or cooling in each building unit, individual heat cost allocators shall be used to measure heat consumption at each radiator unless it is shown by the Member State in question that the installation of such heat cost allocators would not be cost efficient. In those cases, alternative cost-efficient methods of heat consumption measurement may be considered. The conditions of technical non-feasibility and non-cost effectiveness shall be clearly set out and published by each Member State.</p> <p><i>In new buildings of the kind referred to in the first subparagraph or when such a building undergoes major renovation, as set out in Directive 2010/31/EU, individual meters shall always be provided.</i></p> <p>(...)</p> <p>4. For the purposes of this Article, as of 1 January 2020 meters and cost allocators installed shall be remotely readable devices.</p> <p><i>Meters and cost allocators that have already been installed but which are not remotely readable shall be provided with this capability or be replaced with remotely readable devices by 1 January 2027, except where the Member State in question shows that this is not cost-efficient.</i></p>	<p>2. In multi-apartment and multi-purpose buildings with a central heating or cooling source or supplied from district heating and cooling systems, individual meters shall be installed to measure the consumption of heat or cooling or hot water for each building unit <i>if technically feasible and cost-efficient, as well as proportionate in relation to the overall improvement of the energy performance of the building as defined in Directive 2010/31/EU.</i></p> <p>Where the use of individual meters is not technically feasible or where it is not cost-efficient <i>or not proportionate</i> to measure heating or cooling in each building unit, individual heat cost allocators shall be used to measure energy consumption at each radiator unless it is shown by the Member State in question that the installation of such heat cost allocators would not be cost efficient <i>or proportionate</i>. In those cases, alternative cost-efficient methods of heat consumption measurement may be considered. The conditions of technical feasibility cost effectiveness <i>and proportionality</i> shall be clearly set out and published by each Member State.</p> <p>(...)</p> <p>4. For the purposes of this Article, as of 1 January 2020 meters and cost allocators <i>newly</i> installed shall be remotely readable devices.</p>

Reason

Under Article 9a paragraph 2, the unconditional roll-out of individual metering for new buildings and buildings undergoing major renovations would have major negative impacts on social and energy efficiency policy in some Member States.

Some Member States like Finland and Sweden have a 'gross rent' regime by which the landlord is under legal obligation to cover all the tenant's energy costs. The purpose of this rent regulation is to protect citizens from energy poverty. It is also very positive in terms of energy efficiency because as, under the 'gross rent' regime, the tenant has no incentive to save energy, energy efficiency renovation by the owner is the only way to reduce the tenant's energy consumption. The Directive as currently drafted would oblige countries like Finland and Sweden to either:

- mandate installation of individual meters and keep the 'gross rent' regime, which means that the meters would be installed at great cost for no purpose,
- or mandate installation of individual meters and revert to a 'net rent' regime under which the tenant would pay for his energy consumption.

Ending gross rent would result in a significant reduction of social protection against energy poverty because gross rent ensures uninterrupted heating at optimal levels for those at risk of energy poverty.

Member States that do not have 'gross rent' regimes but that have a pressing need to renovate large amounts of the housing stock should be free to prioritise renovation over individual meter roll-out, especially if an unqualified metering obligation creates an incentive for renovations below the 'major renovation' threshold so as to avoid the metering obligation. IMB must not be ring-fenced from Member State decisions on the overall issue of how to improve the energy performance of buildings.

Article 9a(4), subparagraph 2 means nothing less than the replacement or transformation by 1 January 2027 of all individual meters and cost allocators already installed or to be by 2020 but which are not remotely readable. This concerns the majority of meters in case of heating, cooling and hot water. Given the tremendous work and financial investment already devoted, or in the process to be devoted, to the roll-out of such individual meters in multi-residential and/or commercial buildings, the proportionality of such a measure compared to the limited additional envisaged benefit — between a remotely readable and a not remotely readable meter — has clearly not been demonstrated. Therefore, proportionality demands that remotely readable devices be required only when a meter or a heat cost allocator is replaced, something that Article 9a(4), subparagraph 1 already requires as of 2020.

Amendment 7

EPBD Recital 9

Text proposed by the Commission	CoR amendment
<p><i>In order to adapt this Directive to the technical progress, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission to supplement it by defining the smartness indicator and enabling its implementation. The smartness indicator should be used to measure buildings' capacity to use ICT and electronic systems to optimise operation and interact with the grid. The smartness indicator will raise awareness amongst building owners and occupants of the value behind building automation and electronic monitoring of technical building systems and will give confidence to the occupant about the actual savings of these new enhanced-functionalities.</i></p>	

Reason

This provision is redundant and should be deleted, as the discussion on what the ‘smartness’ of a building or a home entails is still in its early stages. When introducing an instrument of this kind, extensive consultation of the various stakeholders is necessary. It unnecessarily increases the administrative burden on firms and households. Therefore, its added value and cost-effectiveness should be demonstrated and the instrument should be evaluated. The subsidiarity test is negative for the smartness indicator. This amendment is linked to amendment 6 and policy recommendation 17.

Amendment 8

EPBD Article 1(2)

Text proposed by the Commission	CoR amendment
<p>after Article 2, an Article 2a ‘Long-term renovation strategy’, to be submitted in accordance with the integrated national energy and climate plans of the Regulation (EU) XX/20XX [Governance of the Energy Union], is inserted:</p> <p>(a) the first paragraph consists of Article 4 of the Directive 2012/27/EU on energy efficiency, other than its last subparagraph;</p> <p>(b) the following paragraphs 2 and 3 are inserted:</p> <p>‘2. In their long-term renovation strategy referred to in paragraph 1, Member States shall set out a roadmap with clear milestones and measures to deliver on the long-term 2050 goal to decarbonise their national building stock, with specific milestones for 2030.</p> <p>In addition, the long-term renovation strategy shall contribute to the alleviation of energy poverty.</p> <p>3. To guide investment decisions as referred to in point (d) in paragraph 1, Member States shall introduce mechanisms for:</p> <p>(a) the aggregation of projects, to make it easier for investors to fund the renovations referred to in points (b) and (c) in paragraph 1;</p>	<p>after Article 2, an Article 2a ‘Long-term renovation strategy in close coordination with regional and local authorities’, to be submitted in accordance with the integrated national energy and climate plans of the Regulation (EU) XX/20XX [Governance of the Energy Union], is inserted:</p> <p>(a) the first paragraph consists of Article 4 of the Directive 2012/27/EU on energy efficiency, other than its last subparagraph;</p> <p>(b) the following paragraphs 2, 3 and 4 are inserted:</p> <p>‘2. In their long-term renovation strategy referred to in paragraph 1, Member States shall set out a roadmap with clear milestones and measures to deliver on the long-term 2050 goal to decarbonise their national building stock, with specific milestones for 2030.</p> <p>In addition, the long-term renovation strategy shall contribute to the alleviation of energy poverty.</p> <p><i>The drafting and monitoring processes of such national strategies should include the necessary mechanisms to articulate a system of multi-level governance, geared towards ensuring that renovation measures have a territorial impact;</i></p> <p>3. To guide investment decisions as referred to in point (d) in paragraph 1, Member States shall introduce mechanisms for:</p> <p>(a) the aggregation of projects, to make it easier for investors to fund the renovations referred to in points (b) and (c) in paragraph 1;</p>

Text proposed by the Commission	CoR amendment
<p>(b) de-risking energy efficiency operations for investors and the private sector; and</p> <p>(c) the use of public funding to leverage additional private-sector investment or address specific market failures’;</p>	<p>(b) de-risking energy efficiency operations for investors and the private sector; and</p> <p>(c) the use of public funding to leverage additional private-sector investment or address specific market failures;</p> <p>4. To drive further developments in energy-efficient renovation, Member States shall introduce mechanisms for:</p> <p>(a) promoting cooperation between SMEs in groups and consortia so they can offer bundled packages to potential clients;</p> <p>(b) providing support for new forms of training and qualifications and structural improvements to existing training;</p> <p>(c) consolidating informal learning pathways;</p> <p>(d) earmarking European Social Fund resources for training and educating construction industry workers in energy efficiency matters;</p> <p><u>(e) providing information and training measures for building administrators and users regarding the need to renovate buildings.</u></p>

Reason

The long-term renovation strategy should be devised in close cooperation with regional and local authorities, as they are the most affected by this. In addition, construction workers’ knowledge and skills are crucial for improving the energy performance of buildings. Cooperation between contractors means that potential clients can be offered a more complete package of measures. Furthermore, information and training measures should primarily be aimed at administrators and users, with the goal of raising their awareness about the usefulness of renovating buildings.

Amendment 9

EPBD Article 8(6)

Text proposed by the Commission	CoR amendment
<p><i>The Commission is empowered to adopt delegated acts in accordance with Article 23 supplementing this Directive with a definition of ‘smartness indicator’ and with the conditions under which the ‘smartness indicator’ would be provided as additional information to prospective new tenants or buyers.</i></p> <p><i>The smartness indicator shall cover flexibility features, enhanced functionalities and capabilities resulting from more interconnected and built-in intelligent devices being integrated into the conventional technical building systems. The features shall enhance the ability of occupants and the building itself to react to comfort or operational requirements, take part in demand response and contribute to the optimum, smooth and safe operation of the various energy systems and district infrastructures to which the building is connected.</i></p>	

Reason

This provision is superfluous and should be deleted. This amendment follows on from amendment 7 and ties in with policy recommendation 17 on subsidiarity.

Amendment 10

EPBD Article 10

Text proposed by the Commission	CoR amendment
<p>Article 10 is amended as follows:</p> <p>(a) paragraph 6 is replaced by the following:</p> <p>‘6. Member States shall link their financial measures for energy efficiency improvements in the renovation of buildings to the energy savings achieved due to such renovation. These savings shall be determined by comparing energy performance certificates issued before and after renovation.’;</p> <p>(b) the following paragraphs 6a and 6b are inserted:</p> <p>‘6 a. When Member States put in place a database for registering EPCs it shall allow tracking the actual energy consumption of the buildings covered, regardless of their size and category. The database shall contain the actual energy consumption data of buildings frequently visited by the public with useful floor area of over 250 m² which shall be regularly updated.</p> <p>6 b. Aggregated anonymised data compliant with EU data protection requirements shall be made available on request, at least for the public authorities for statistical and research purposes.’</p>	<p>Article 10 is amended as follows:</p> <p>(a) paragraph 6 is replaced by the following:</p> <p>‘6. Member States shall link their financial measures for energy efficiency improvements in the renovation of buildings to the energy savings achieved due to such renovation. These savings shall be determined by comparing energy performance certificates issued before and after renovation.’;</p> <p>(b) the following paragraphs 6a, 6b and 7 are inserted:</p> <p>‘6 a. When Member States put in place a database for registering EPCs it shall allow tracking the actual energy consumption of the buildings covered, regardless of their size and category. The database shall contain the actual energy consumption data of buildings frequently visited by the public with useful floor area of over 250 m² which shall be regularly updated.</p> <p>6 b. Aggregated anonymised data compliant with EU data protection requirements shall be made available on request, at least for the public authorities for statistical and research purposes.</p> <p>7. The Commission shall ensure the dissemination of knowledge about best practice in public and private funding arrangements and the grouping of small energy renovation projects. The Commission shall also ensure the dissemination of information about financial incentives to renovate.’</p>

Reason

There is a need to share knowledge about best practice. A variety of inspiring examples have been developed in regions and Member States over the last few years.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR)

General recommendations

1. welcomes the vision of the role of regions and cities which the Commission sets out in the 'Clean Energy for All Europeans' package. It is in the cities and regions that the energy transition is actually taking place. The Committee of the Regions recommends developing this vision by indicating in what way the European Commission is supporting regions in the energy transition;
2. supports and welcomes the legislative proposals formulated by the European Commission on: pursuing the aims of smarter, cleaner energy for everyone; implementing the Paris objectives; supporting economic growth; promoting investment and technological leadership; creating new opportunities for employment; and improving people's well-being. These proposals affect regional policy and the Committee of the Regions sees a role for the regions in the implementation thereof. The Committee of the Regions calls on Member States to involve local and regional authorities in shaping integrated national energy and climate plans;
3. supports and welcomes the Commission's rationale in giving priority to energy efficiency. The cheapest energy is the energy we do not use. Energy efficiency can be viewed as a source of energy in itself, inexhaustible and available everywhere. Energy efficiency is crucially important for achieving climate and energy targets and is the most cost-effective way to achieve the energy union goals;
4. recalls that the fight against energy poverty is a crucial challenge for European energy policy which requires a multi-level response; therefore calls for the development of a common definition of energy policy as well as a set of targeted policy measures to address it; suggests in this context that a fixed share (at least 10 %) of the energy-saving obligations should be derived from measures or policies aimed at the most vulnerable consumers and that special financial instruments should be devised to allow the most vulnerable consumers to participate in, and to benefit from, energy efficiency measures;
5. points out that freedom of choice as regards the energy mix adopted runs the risk that the energy policy goals up to 2030 and beyond cannot be reached. The directives should therefore be made binding at EU level and accompanied by measures at national level;

Recommendations on the EED

6. notes that achieving the Paris targets will represent a major challenge for Europe. Europe will need to aim higher (40 % in 2030) in energy efficiency in order to meet the targets; it will not be enough to continue on the current path of 1,5 % energy saving a year. Raising this energy saving target level to 2 % per year will generate more economic growth and more employment and will lead to lower energy imports. In this context, it will also be necessary to adapt Annex V of the revised directive to ensure that only those energy-saving measures may be counted towards the ESOs which do not compromise other aims of EU climate policy (such as CO₂ reduction) and that long-term sustainable solutions are incentivised;
7. for some regions and Member States this task is harder than for others, but energy savings and energy efficiency leads to more employment and higher economic growth everywhere;
8. understands the complexity of the situation that the European Commission finds itself in, but supports the target proposed by the European Parliament of 40 % by 2030;

Obligations

9. notes that the energy obligation is the most important instrument for achieving energy efficiency. A growing number of Member States are adopting this system. Over a period of five years, the number of Member States using this instrument has grown from 5 to 15. The regions in the Member States which have applied it are satisfied with the tool. The Committee of the Regions recommends that the other Member States also go over to using it;
10. when revising Article 8, recommends adopting a critical approach to the size of the firms which come under this regulation, because there is significant savings potential amongst smaller firms too;

Audits

11. notes that Article 8 stipulates that energy audits must be carried out on certain companies. The European Commission has not amended this article. The Committee of the Regions recommends that the article indeed be amended so that the same type of companies come under the directive in all the Member States. This would provide a level playing field for all the Member States and ensure that legislation is uniform. The requirement for energy audits in larger companies should include a selection criterion for the extent of energy use. This would be more proportionate than targeting just turnover and number of staff. In order to avoid double regulation, Article 8 should allow energy use already covered by the energy certificates of the EPBD to be excluded from audits;

12. advocates combining with the energy audit the obligation to take all energy measures whose costs can be recouped within 5 years. This obligation exists in the Netherlands, for example, in the form of a package of recognised measures per branch of industry. This makes it easier to enforce;

Metering

13. welcomes the fact that the European Commission is proposing to further empower consumers on the energy market by improving the information provided on their heating and cooling energy consumption and by strengthening their rights in the metering and billing of thermal energy, in particular for people living in multi-apartment buildings. However, the requirements regarding individual metering and billing for heat should be made conditional on cost-effectiveness and technical feasibility. Additionally, given the tremendous work and financial investment already devoted to the roll-out of individual meters, the proportionality of imposing remote readability compared to the limited additional envisaged benefit is questioned. In order to make sure information is provided more often, an obligation is being introduced for heat meters to be remotely readable. This requirement may be perceived as an invasion of privacy. The Committee of the Regions recommends that Member States take measures to safeguard people's privacy and ensure appropriate data security, and that installation be voluntary, not mandatory;

14. the Committee of the Regions welcomes such measures being introduced, on condition that they are assessed for cost-effectiveness and technical feasibility. This is an important safeguard for the various rental systems operated in the Member States;

Funds

15. calls on the European Commission to earmark resources for clean energy for all Europeans after 2020 too, drawing not only on the Structural Funds, but also on the directly managed funds and the financial engineering instruments. The CoR supports the Commission's commitment to reducing energy poverty and recommends making resources available via the Structural Funds (Social Funds, Regional Fund, Cohesion Fund) after 2020 for local and regional authorities to tackle such poverty;

16. calls on the European Commission to develop appropriate tools and measures to mobilise public funds and attract private investment from European, national, regional and local levels in the energy efficiency sector;

Recommendations on the EPBD

17. welcomes the Commission's proposal to improve the energy performance of buildings. Around 75 % of buildings in Europe are energy inefficient and every year only 0,4 % to 1,2 % of building stock is renovated. There is huge energy-saving potential in increasing the energy performance of buildings, especially in Central-Eastern Europe;

18. recommends that public authorities and market players provide home owners with better information about energy renovation opportunities for houses (what, how and where), for example via an easily accessible website and attractive packages. In addition, the Committee of the Regions advocates requiring knowledge about energy renovation in houses and buildings to be included in education curricula for workers in the construction industry, aimed at SME businessmen and workers in the sector;

Electricity charging points in non-residential buildings

19. shares the European Commission's view on the transition to sustainable transport (electric vehicles); supports the proposal to put infrastructure in place for electric transport in all new non-residential buildings, existing non-residential buildings (being extensively renovated) and new large residential buildings; and recommends that the Commission develop a European standard for charging points for electric vehicles so as to speed up the transition to sustainable transportation (electric vehicles);

20. expects that the 'Smart finance for smart buildings' initiative will help free up and attract large-scale private investment and endorses the initiative for supporting the scheme. One prerequisite is that the financial aspects thereof not be passed on to regions and municipalities. Local and regional authorities can play an active role in pooling applications for funding;

Public buildings

21. agrees with the moving of EED Article 4 on building renovation to the EPBD; regrets that EED Article 5 on the exemplary role of public bodies' buildings is not included in the same move. The Committee of the Regions thinks that local and regional authorities likewise have an exemplary role to play in energy efficiency in the use of public buildings. The Committee calls on local and regional authorities to undertake to play such a role;

Competence, subsidiarity and proportionality

22. concurs with the legal basis upon which the European Commission is basing the EU's competence in this. In accordance with TFEU Article 194, the EU is competent to take measures to promote, amongst other things, energy efficiency. Measures to combat energy poverty should come under TFEU Article 151. The assessment of subsidiarity principle compliance is partly positive and partly negative. The Committee of the Regions deems it to be warranted to set up and maintain a European target in energy efficiency. The Committee of the Regions is, however, opposed to the introduction of the smartness indicator by means of a delegated act, since the debate on the smartness indicator is still in its early stages. The assessment of proportionality principle compliance is positive.

Brussels, 13 July 2017.

*The President
of the European Committee of the Regions*
Markku MARKKULA

ISSN 1977-091X (electronic edition)
ISSN 1725-2423 (paper edition)



Publications Office of the European Union
2985 Luxembourg
LUXEMBOURG

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