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OPINIONS

COMMITTEE OF THE REGIONS

111TH PLENARY SESSION, 16—17 APRIL 2015


(2015/C 195/01)

Rapporteur: Prof. Franz Schausberger (AT/EPP), Delegate of the Region of Salzburg to the Committee of the Regions


1. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

General policy recommendations

1. underlines the fundamental role of local and regional representatives in the enlargement process and encourages enlargement countries (Montenegro, the former Yugoslav Republic of Macedonia, Serbia, Albania, Bosnia and Herzegovina, Kosovo (1), Turkey and Iceland) in their decentralisation and regionalisation efforts; believes that respect for the principle of subsidiarity is crucial;

2. notes and supports the opinion of the European Commission on the need for a period of consolidation; however, stresses that this must not result in a standstill. The period of five years must be understood as a phase of intense preparation and adoption of the policies required to meet the criteria for EU membership;

3. emphasises the importance of a realistic prospect of EU membership for the candidate and potential candidate countries as a key stabilising factor and an important incentive to implement the necessary political and economic reforms;

4. reiterates its recommendation to the Commission that it go into greater detail in its future enlargement strategy reports about the situation of regional and local self-government, and points to the need for further regionalising and decentralising reform in the enlargement countries, encouraging them to fully adapt and implement a comprehensive legal framework creating strong sub-national levels of government; points out that delegated powers should reflect the level of responsibilities to be assumed when introducing the community acquis at local and regional level;

(1) This designation is without prejudice to positions on status, and is in line with UNSCR 1244/99 and the IJC Opinion on the Kosovo declaration of independence.
5. suggests deeper cooperation while avoiding duplication with the Council of Europe and in particular its Congress of Local and Regional Authorities, which systematically monitors compliance with the European Charter of Local Self-Government by all Council of Europe member states; the findings and recommendations resulting from the Congress’s monitoring reports should be taken into account when establishing the EU position on the countries concerned;

6. welcomes the launch of the new Instrument for Pre-Accession Assistance, which makes EUR 11.7 billion available for the period 2014-2020 to support enlargement countries in their preparations for accession as well as regional and cross-border cooperation;

7. recognising the guiding and coordinating role of the Adriatic-Ionian macro-regional strategy (EUSAIR), hopes, with reference to the candidate countries (Montenegro, Serbia and Albania) and potential candidate countries (Bosnia and Herzegovina) participating therein, that this strategy will foster more rapid convergence in the accession processes, in particular in administrative capacity and in the areas identified by the individual pillars. Furthermore, the fact that these countries are each coordinating a pillar jointly with a Member State provides an opportunity for exchanging knowledge and learning about planning and the use of EU funds;

8. calls for the proper involvement of the local and regional authorities of the candidate and potential candidate countries in the pre-accession process;

9. acknowledges that public administration at all levels remains weak in most enlargement countries, with limited administrative capacity, a high degree of politicisation and corruption and a lack of transparency. Politicisation at both central and local level remains a serious concern in most of the accession countries, and the blurring of the distinction between state and governing parties needs to be addressed since it raises concerns which erode trust in public institutions;

10. underlines the necessity of strengthening democratic institutions and respecting fundamental rights and the rule of law, including fair electoral processes and proper functioning of parliaments, regional assemblies and municipal councils, and constructive and sustainable dialogue across the political spectrum. More needs to be done to foster the involvement of civil society;

11. believes strongly in the need to respect the principle of good neighbourly relations among EU Member States, candidate as well as pre-candidate and other countries, and in the role and importance of developing cross-border and regional cooperation between these countries;

Specific remarks concerning enlargement countries

Iceland
12. notes with regret the Icelandic government’s decision to drop its application to join the European Union;

Turkey
13. welcomes Turkey’s continued commitment to EU accession, which was demonstrated by the adoption of Turkey’s EU Strategy in September 2014 aiming at reinvigorating Turkey’s accession process, and the fact that 2014 was the ‘Year of the European Union’;

14. welcomes the opening in November 2013 of the negotiations on Chapter 22 on Regional policy and coordination of structural instruments and calls for efforts to finalise the National Strategy for Regional Development to be kept up; draws attention in this connection to the conclusions of the General Affairs Council of December 2014 and calls on Turkey to continue carrying out the necessary reforms, which will also have a beneficial impact at local level; calls on Turkey to meet in full its obligations under the Additional Protocol to the Association Agreement and also to recognise the Republic of Cyprus;

15. is pleased that the 2014 local elections were generally well-organised and held in broadly peaceful circumstances, including in the southeast of the country. Underlines, however, that the campaign was polarised and tense, and notes that allegations of fraud sparked protests in several cities;
16. points out that after the 2014 local elections, the number of metropolitan municipalities increased and their boundaries were extended; underlines that this will have an impact on competences at sub-national level, especially as regards the environment;

17. supports further measures to increase transparency and encourages continued action against corruption, in particular at local authority level;

18. regrets that there was no progress in devolving power to local governments, and that fiscal decentralisation remained very limited;

19. calls for efforts to continue as regards upgrading the CoR's working group with Turkey to a Joint Consultative Committee;

20. points out with regret that in 2013 the local government proportion of government revenue and expenditure was below 10 %;

21. welcomes the fact that the institutions involved in the implementation of Pre-accession Assistance (IPA) have been reinforced through training and technical assistance and recommends that further efforts be made to step up the administrative capacity of local authorities;

22. points out that the Syrian crisis has led to a significant increase in the number of Syrian refugees in Turkey, whose total number is estimated at more than 1 600 000; praises Turkey for its invaluable support to Syrian refugees which is putting local capacity and resources under significant pressure; underlines the crucial role of local authorities which are in urgent need of support from central government and also external humanitarian organisations;

23. points out that under IPA II, the country will continue to benefit from pre-accession assistance over the period 2014-2020, with indicative funding amounting to over EUR 620 million annually; underlines that under IPA II, assistance will be directed towards supporting reform efforts in the areas of the rule of law, administration, democratic and economic governance, and competitiveness and growth. However, the capacity for co-financing EU-funded projects at local level needs to be improved;

24. points out that more resources are needed to complete the process of governmental decentralisation and support local development;

25. points out that the second phase of fiscal decentralisation had not yet been completed in all municipalities and underlines that the municipalities need the necessary financial sustainability to carry out the responsibilities transferred to them;

26. regrets that the relevant laws on regional development have not been fully implemented and that the bodies responsible for regional economic development do not have sufficient resources;

27. hopes that Turkey will actively support UN efforts to identify a fair, comprehensive and enduring solution to the Cyprus question; calls on Turkey to begin withdrawing its forces from Cyprus and to transfer the sealed-off area of Famagusta to the UN in accordance with UNSC Resolution 550 (1984), since this would constitute a confidence-building measure and a real chance for peace and economic, social and regional growth for both communities;

28. calls on Turkey to maintain good neighbourly relations with all its neighbours, a key prerequisite of the accession process, particularly as regards lifting the casus belli threat against Greece, and also with regard to the Cyprus question; welcomes the fact that Turkish local and regional authorities in the Committee of the Regions’ working group on Turkey have been open vis-à-vis the European Union; endorses the European Council conclusions of 24 October and of 16 December 2014 and emphatically supports the European Parliament Resolution of 13 November 2014 on Turkish actions creating tensions in the exclusive economic zone of Cyprus (P8_TA(2014) 0052);
29. welcomes the changes to the legal framework concerning political parties and election campaigns; reiterates the importance of lowering the 10% electoral threshold which would give all social groups in Turkey the chance to take part in the country’s political life in accordance with the Copenhagen political criteria;

30. stresses the great importance of the interreligious and intercultural dialogue at all levels in strengthening civil society and international partnerships; stresses, that such an important actor is the Ecumenical Patriarchate, calls on Turkey to take all necessary steps to support its role, including by allowing the public use of its ecclesiastical title, recognising its legal personality and allowing the reopening of the Halki Seminary;

31. regrets the marked increase in corruption in Turkey over the past year; stresses the need for a suitable legal framework to combat corruption; regrets the lack of respect for freedom of expression and thought, press freedom, freedom of conscience and religion, and freedom of assembly and association;

The former Yugoslav Republic of Macedonia

32. acknowledges the recommendations made by the Commission and the European Parliament to the Council to open accession negotiations based on the 2013 Progress Report on the former Yugoslav Republic of Macedonia, concluding that the country meets the political criteria; notes with great concern the recent increasing politicisation at both central and local level and the increasingly blurred distinction between the State and ruling parties, since this undermines faith in public institutions at all levels;

33. underlines that good neighbourly relations, including identifying a negotiated and mutually acceptable solution to the name issue under the auspices of the UN, remain essential and that local and regional authorities will play a constructive role in this respect by refraining from actions and statements that undermine good neighbourly relations with EU Member States;

34. notes with sorrow and irritation the recent blackmauling and phone-hacking scandal and hopes that the government will succeed in its rapid clarification as far as such an event could negatively influence the accession process of FYROM;

35. is concerned about the growing frustration among citizens of the former Yugoslav Republic of Macedonia and decreasing interest in European integration despite the significant influence of accession on the domestic political scene at all levels;

36. supports the possibility of including the former Yugoslav Republic of Macedonia in the Adriatic-Ionian Macrорegion initiative;

37. welcomes the work carried out by ZELS, the Association of units of local self-government, in representing the sub-national level in the former Yugoslav Republic of Macedonia;

38. wishes to support the efforts of the Joint Consultative Committee with the Committee of the Regions to boost administrative capacity at local level, particularly in the fields of environmental legislation, education, fundamental rights, anti-corruption, rights of minorities, cultural rights and decentralisation;

39. welcomes the ongoing reform of public administration and the work of the Special Group on Public Administration Reform; intends to contribute to efforts to boost administrative capacity at local level which aim at the decentralisation of governance, a key element of the Ohrid Framework Agreement;

40. regrets that the relevant laws on regional development have not yet been fully implemented and that bodies responsible for regional economic development do not have sufficient resources;

41. calls for greater efforts to ensure the transparent distribution of capital grants to local authorities;
42. regrets the opposition’s refusal to engage in regular parliamentary activities, which is harming the democratic institutional set-up at local level;

43. is concerned that despite legislative progress, public administration remains fragmented and subject to political influence; strongly urges that its professionalism and independence at all levels be enhanced and that respect for the principles of transparency, merit and equitable representation be guaranteed; calls on the government to adopt a programme of public financial management reform;

Montenegro

44. welcomes the amendments to the law on the territorial organisation of Montenegro and the amendment to the law on local self-government; points out that the criteria for creating new municipalities should include financial and administrative sustainability;

45. welcomes the adoption of the 2014 Action Plan for the reform of local self-government; is pleased that Montenegro has a comprehensive strategic framework for public administration reform in place. The Public Administration Reform strategy 2011-2016 covers the state administration and local government; encourages its prompt implementation;

46. welcomes the fact that election legislation has been improved and that the law on the election of municipal councillors was finally adopted but regrets that the adoption did not touch upon the financing of election campaigns for the mayors and presidents of municipalities; emphasises also the need to implement the OSCE/ODIHR recommendations on electoral rules in line with European standards and best practices, including regarding the right to stand as an independent candidate, proportional public funding to promote a level playing field for all candidates and auditing of political parties;

47. points out that the law on local self-government needs to be harmonised with the new rules on public service management;

48. points out that Montenegro needs to reinforce the administrative capacity of established IPA structures and prepare them appropriately in order to increase absorption capacity for pre-accession funds;

49. points out that transparent, efficient and accountable local administration needs to be established and that the criteria for creating new municipalities should include financial and administrative sustainability;

50. welcomes the fact that the parliament unanimously adopted a resolution on Montenegro’s path to European integration, and that the parliamentary European Integration Committee has carried out consultative hearings, discussed negotiating positions drafted by the government and held public debates on EU-related topics;

51. welcomes the fact that the government remained focused on the objective of EU membership and adopted a number of strategic documents in the context of the EU integration process;

52. welcomes the fact that representatives of civil society organisations (CSOs) continue to be involved in the activities of the state and local administration, including working groups on the EU accession negotiation chapters;

53. underlines the fact that Montenegro continued to contribute actively to regional stability;

54. welcomes the continuation of the very successful meetings of the Committee of the Regions’ Joint Consultative Committee with Montenegro (JCC) and hopes that mutually beneficial cooperation with Montenegrin sub-national authorities will be in place over the coming years;

55. welcomes the adoption of a joint report on ‘Increasing absorption capacity of EU pre-Accession funds and improving administrative capacity at the local level in Montenegro’ within the framework of the JCC;

(2) CdR 3127-2013_00_00.
is pleased that on 27 October 2014 in Kotor, Montenegro, the JCC met for the fourth time to discuss the Action Plan for the Self-Government Reform 2014 and the Involvement of local and regional authorities in agriculture and rural development and in services of general economic interest;

is pleased that the government is working hard on the new law on local self-government, as stressed at the last meeting of the JCC Montenegro on 27 October 2014 in Kotor;

regrets that the strongly polarised domestic climate has resulted in the opposition's boycott of parliamentary work, which is hampering progress on reform efforts; urges all political parties, both in the government and in the opposition, to stay focused on the country's EU integration agenda through sustainable dialogue and constructive cooperation at all levels;

Serbia

is pleased that accession talks formally began on 21 January 2014; welcomes Serbia's preparedness and engagement at the first EU-Serbia ICG and the high level of preparedness and engagement in the screening process of the EU acquis demonstrated by the Serbian government;

recommends that the Serbian government involve local-level representatives and representatives of the Autonomous Province of Vojvodina in the accession procedure from the very beginning;

welcomes the fact that the new government remains fully committed to continuing the EU-facilitated dialogue with Pristina and encourages the continuation of reforms regarding the rule of law, the judiciary and the fight against corruption and organised crime at all levels;

welcomes the new dedicated Ministry of Public Administration and Local Government, which is the first step towards a more efficient public administration at local level;

welcomes the adoption in January 2014 of a new strategy to reform public administration, covering organisational policy at central and local level, including decentralisation; urges the new Ministry of Public Administration and Local Self Government to involve all stakeholders in the identification of activities under an Action Plan;

is pleased that a special group on Public Administration Reform (PAR) has been set up to act as a forum for policy dialogue between the European Commission and Serbia, and calls for PAR activities to be organised at sub-national level;

regrets that the laws regulating the status of local government employees and their salaries, and the training strategy for local government, are still pending;

underlines that corruption in local administration needs further attention and that threats and violence against journalists, at local level, are still a concern;

underlines that under IPA II, Serbia would continue to receive pre-accession assistance for the period 2014-2020 with a total indicative amount of EUR 1.5 billion; hopes that an appropriate amount of pre-accession funds would be used at sub-national level;

notes that a revised Statute for Vojvodina was proclaimed in May as the result of a common process in the state parliament and the provincial assembly, in response to the Constitutional Court ruling of December; regrets, however, that the autonomy of the Autonomous Province of Vojvodina (APV) has decreased in comparison to the previous set-up;

regrets that the question of the APV's participation in the funding from Serbia's national budget has not yet been sufficiently addressed;

welcomes the fact that the Autonomous Province of Vojvodina continues to provide a high degree of protection for minorities and that the inter-ethnic situation remained generally good;
71. notes with concern that administrative and management capacity at local level remains weak, that significant disparities between municipalities persist, and that the National Council for Decentralisation and the inter-ministerial Municipal Finance Commission remain inactive;

72. welcomes the setting up of a Joint Consultative Committee with Serbia from 2015, which will accompany the accession process and cooperate with Serbian local and regional representatives; is looking forward to working together with Serbian local and regional authorities;

73. welcomes the setting up of a National Convention on the European Union as a platform for cooperation with civil society in the accession negotiation process; calls for broader consultations to be held with better timelines;

Albania

74. urges the Albanian authorities to enforce the independence of the election administration bodies, well ahead of the 2015 local elections;

75. notes that, building on progress in the 2013 parliamentary elections, Albania needs to implement the recommendations of the OSCE/ODIHR election observer mission, especially in terms of strengthening the independence of the election administration bodies, well ahead of the 2015 local elections;

76. welcomes the appointment of a new minister responsible for local affairs;

77. is pleased that decentralisation reforms have progressed and that work has begun on clarifying the functions of local government units under the new administrative set up;

78. calls for greater efforts to push on with administrative reform and boost the administrative capacity of local government units in a financially sustainable way; notes that granting candidate status to Albania is an opportunity for more reforms in the areas of public administration reform, judicial independence, the fight against corruption and organised crime, as well as the protection of human rights, including minority rights;

79. acknowledges the fact that total local government expenditure in 2013 was estimated to be 2.2% of GDP, while revenues remained at 0.8% of GDP and local taxes continued to dominate revenue for local government;

80. underlines that established local government units have not yet fully launched the implementation of the new Civil Service Law;

81. regrets that strong politicisation still hinders relations between central and local governments, limits the role of associations of local authorities and influences cooperation between these associations;

82. encourages local authorities to develop an inclusive dialogue with civil society and local communities;

83. notes with regret that the Law on Territorial and Administrative Reform adopted in July drastically reduced the number of local government units from 373 to 61, abolished the communes and kept the 12 existing regions without taking into account the concerns of minorities; underlines the need to preserve local identity and proximity to the public;

84. regrets that local government's human resource management and financial control continue to be weak;
Bosnia and Herzegovina

85. welcomes the written commitment adopted by the BiH Presidency, signed by the political leaders and endorsed by the BiH Parliament on measures to establish institutional functionality and efficiency, to launch reforms at all governance levels, as well as measures to accelerate the process of reconciliation and to strengthen administrative capacity. Stresses that the entry into force of the SAA now becomes possible, invites the new leaders to agree with the EU on a roadmap for a broad and inclusive reform agenda to advance the country;

86. underlines that the large and inefficient public sector, with multiple overlapping competences at state, entity and municipal or cantonal level (especially in the Federation), continues to pose a danger to fiscal sustainability;

87. points out that the current political situation in Bosnia and Herzegovina is harming the country's ability to speak with one voice on EU matters. It is important to establish a coordination mechanism on EU matters between various levels of government;

88. points out that the Entity legislation is largely in line with the European Charter on Local Self-Government but a lack of clarity in the apportionment of powers between the entities, cantons and municipalities persists, with a low level of financial autonomy at municipal level;

89. regrets that overall, Bosnia and Herzegovina has made no progress towards improving the functionality and efficiency of all levels of government and that it has not achieved equality among the three constituent peoples, which is a major obstacle to the functioning of the institutions and the State;

90. notes with regret that the overall pace of reforms at all state levels has remained slow when not at a standstill, and that the country's authorities have made no progress towards establishing the structure necessary for indirect management of EU funds;

91. rejects the continued use of divisive rhetoric by some political representatives at all state levels and the questioning of Bosnia and Herzegovina's capacity to function as a country;

92. regrets that the election on 12 October 2014 was not carried out in compliance with the Sejdic-Finci ruling, considerably hindering further harmonisation between the EU and Bosnia and Herzegovina;

93. welcomes the active participation of the Brčko district in the pre-accession preparations, its strong commitment and its significant progress with regard to the reforms implemented, which is considerably higher than other administrative units within the country;

Kosovo (*)

94. welcomes the launch of the Stabilisation and Association Agreement between the EU and Kosovo;

95. is pleased that Kosovo and Serbia have actively and constructively participated in an EU-facilitated dialogue;

96. points out that Kosovo held successful mayoral and municipal elections in the autumn of 2013 and early parliamentary elections on 8 June 2014;

97. stresses that efforts to boost local government capacity have continued and that the Ministry of Local Government Administration (MLGA) has improved its guidance for municipalities;

(*) This designation is without prejudice to positions on status, and is in line with UNSCR 1244/99 and the ICJ Opinion on the Kosovo. Declaration of Independence.
98. underlines that political interference in public administration persists at both central and local level and that further efforts are needed to fully implement relevant provisions on the prevention of corruption and promotion of integrity in the civil service;

99. underlines that Kosovar authorities, particularly at local level, need to demonstrate a stronger commitment to protecting cultural and religious heritage;

100. welcomes the fact that for the first time, local authorities in the north of Kosovo were inaugurated in accordance with Kosovar law;

101. points out that local authorities' efforts to increase transparency in decision-making, the implementation of decentralisation, and efforts to ensure appropriate support and resources for local authorities, need to continue;

102. awaits rapid clarification regarding the recent accusations of corruption levelled against EULEX representatives in order to avoid undermining confidence in the EU institutions;

103. is concerned about the lack of any significant progress in fighting corruption and organised crime, a significant obstacle in Kosovo's democratic, social and economic development;

104. is pleased that some progress has been made, particularly mayors being elected by means of elections covering the whole of Kosovo and the increased number of EU-funded projects in the north; however, stresses the need to proceed with the establishment of the Association of Serbian municipalities which should do away with any need for parallel structures; at the same time, notes that further constant effort will be needed to bring the ethnic Albanian and Serbian communities closer together;

105. recommends that Kosovo be included in all regional cooperation forums in the Western Balkans, and specifically those related to local governance; further recommends that Kosovo and Kosovar municipalities be included in European local governance bodies such as the Council of European Municipalities and Regions or the Congress of Local and Regional Authorities; supports Kosovo's participation in EU programmes that would enable Kosovo to benefit also at local level from the considerable financial contribution;

106. welcomes the appointment of Municipal Officers for European Integration in 35 municipalities.

Brussels, 16 April 2015

The President
of the European Committee of the Regions
Markku MARKKULA
Opinion of the European Committee of the Regions — Implementation of the 2011 white paper on transport

(2015/C 195/02)

Rapporteur: Spyros Spyridon (EL/EPP), Member of Poros Municipal Council

1. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS,

Transport as a basic factor in economic, social and territorial cohesion

1. would emphasise that the mobility of people and goods is a precondition for achieving the fundamental EU objectives of economic, social and territorial cohesion and completion of the single market. Transport contributes to the competitiveness of Europe and its regions and the EU is a global pioneer in this field;

2. notes the proportionately high cost of transport for goods and households: transport accounts for 13.2% of household budgets and up to 15 % of the price of products. Transport, meanwhile, is still 96 % dependent on oil, a large proportion of which is produced in unstable regions of the world;

3. notes that the fact that no intermediate targets were set makes it difficult to evaluate progress made. However, the appointment of the new European Commission and the forthcoming review of implementation of the white paper, coming at a time of rapidly changes in the environment (economic crisis, wider geopolitical developments affecting transport), set the scene for a partial assessment of progress to date;

4. points out that the white paper’s ambitious targets are a driving force for progress. The Committee also notes the interdependence between transport policies and policies for the environment, innovation and social policy, as well as economic policies. It would recommend that these objectives be linked to targets for reducing dependence on oil, curbing noise and air pollution, as well as limiting high costs and combating climate change caused by greenhouse gases;

5. recommends that the European Commission give consideration, in the mid-term review and the possible updating of the goals, to new challenges such as geopolitical developments, the shift in transport flows, the emergence of new competitors, new technological developments, social dumping, and the specific conditions unfolding in each Member State and region. It should also establish intermediate goals for the period beyond 2020;

6. congratulates the European Commission on its foresight in adopting a series of legislative proposals and initiatives for packages of measures for rail and air transport and port policy, and calls on the European Parliament and the Council to speed up procedures, so that they can be swiftly adopted. Such EU measures should be developed in line with the principles of subsidiarity and a minimum of bureaucracy;

7. however, the Committee asks that at least equal attention be given to urban public transport, a key component of the public transport system which can have the strongest immediate impact on the environment and quality of life of the largest number of inhabitants, in the most densely populated regions of the EU;

8. points out that in order to make the European transport and logistics sector more competitive in the face of competition from other parts of the world, the free movement of goods and products within the EU internal market should be guaranteed in particular.

(1) Please note that, in accordance with Rule 55(2) of the CoR Rules of Procedure, ‘Committee opinions on proposals for legislative acts [...] shall express a view on the proposal’s compliance with the principles of subsidiarity and proportionality’. 
**The competitiveness of regions is affected by, and determines, the quality of transport**

9. would underscore the wider role of local and regional government in urban and regional transport planning and mobility and their decisive importance when it comes to people's quality of life and regional competitiveness. Local and regional authorities are responsible for network planning and maintenance, parking and accessibility, and for monitoring the implementation of environmental standards, and must therefore be involved on the basis of partnership and multilevel governance. The CoR calls for local and regional authorities to be more actively involved in the decision-making process;

10. notes that there is a direct connection between transport planning in urban centres and urban and spatial planning. The Committee would draw attention once again to the Concept of Sustainable Urban Mobility Planning (including pricing), where the EU's role should be to promote harmonisation without being binding;

11. reiterates that in order to guarantee good quality transport across Europe, it is imperative to ensure that the places where traffic flows begin and end receive the same attention and support as trans-European transport networks. It is important to provide full support for these points of departure and arrival and to manage all modes and types of transport there;

12. points out that while the white paper states that for the sake of future prosperity it is necessary to guarantee that efficient transport is available in all regions, the European Commission increasingly sees the transport sector in the same light as any other sector of the free market, and not just when evaluating state aid. Public transport operators (or providers belonging to a public body) often find themselves in a difficult situation, as private operators cover profitable transport and connections (sometimes at dumped prices in order to establish a future monopoly), whereas public bodies and some transport operators (including entities held by public stakeholders) end up operating only the less profitable routes and connections. If we consider that the white paper analyses transport not just as a commercial sector but also as a means of guaranteeing that the EU and its regions are competitive and prosperous, a radically different approach needs to be adopted for public operators (or their equivalent) as compared to private operators. Logically, private operators see transport solely as a potential source of commercial revenue, without considering the need to guarantee that the regions and the EU as such remain competitive;

13. supports the promotion of non-motorised modes of transport (cycling, walking) for short distances, as they offer more ecological, cheaper and often quicker alternatives. Appropriate transport networks and measures to bring about a change in people's mindsets will help to achieve this, especially as regards the promotion and use of this mode of transport;

14. with regard to long-distance freight, is in favour of promoting intermodality between sustainable forms of transport and a modal shift from road to sustainable forms of transport (rail, maritime and river transport);

15. would underline the importance of adequate and properly funded transport networks and means for geographically and demographically disadvantaged areas, such as those with highly dispersed populations, and for island, outermost, cross-border and mountain regions, as a basic factor in bringing about territorial cohesion. The needs of such regions are not sufficiently recognised in the EU's policies and programmes affecting transport. The Committee would argue that careful planning is needed in order to combine environmental requirements with the those of transport service providers and the need to set reasonable tariffs for users;

16. emphasises that since the new Member States still do not have good quality basic transport connections (not just TEN-T networks but primarily the basic regional and local connections — such as urban bypasses and the functional regional and local road networks on which labour force mobility depends — which are a key factor in the competitiveness of these regions), in order to correct transport problems and encourage this sector in the new Member States, a very different approach needs to be adopted from the one in place in the old Member States where this infrastructure has already been developed;
17. points out that local and regional cross-border transport connections are crucial for the cohesion of cross-border areas and for developing cooperation across borders. The Committee emphasises that unfortunately this was not adequately taken into account during the preparation of the cross-border cooperation programmes for the 2014-2020 period;

18. underlines that attention must be paid to providing a high standard of transport for vulnerable population groups as well as in regions facing demographic challenges;

19. highlights the fundamental link between a reliable and flexible and high-quality transport system and the competitiveness of the tourism industry;

20. is disappointed that little progress has been made so far on intermodal ticketing, especially for multimodal transport across regional or national borders; expects significant progress in this area by 2020;

21. points out that very little progress has been made in the field of pan-European information on multimodal transport and ticketing services. The Committee also points out that currently most Member States still do not have a national system bringing together all predefined transport timetables in operation and enabling public transport connections to be looked for and booked within a single country. Information on multimodal transport is one of the instruments which can make the use of public transport significantly more appealing to travellers. The Committee also thinks it would make sense, when setting up and establishing connections between the different information systems, to rely not only on the static information provided by predefined timetables, but also on the huge potential of information obtainable from GNSS systems, including Europe’s Galileo navigation system;

22. welcomes the progress made in the area of passenger rights. The Committee notes however that information on those rights and the rights themselves are fragmented, depending on the mode of transport, and calls for more consistency for the benefit of users. The Committee also calls for these rights, which are conferred by the European Union, to be applied more broadly by the Member States, which currently use every derogation possible to limit their application;

23. points out that the most complicated stage in terms of travel information and service provision is that of the first/last mile, which is generally that part of the journey in the hands of local and regional authorities. It is therefore essential to get local and regional authorities involved in the implementation and monitoring of specific solutions, to make sure the whole system functions well;

24. regrets that only four Member States are fully applying the rail passenger rights regulation and strongly calls upon all other Member States to withdraw the prevailing exemptions;

25. points out that the absence of harmonised standards among Member States distorts competition and potentially diverts traffic, with environmental, communications and administrative consequences;

26. establishing good transport infrastructure and good levels of access to it will make all regions economically stronger and more attractive to direct investment, thereby enhancing both their own competitiveness and the competitive position of the EU as a whole;

27. considers that the competences of national enforcement bodies of passenger rights for cross-border journeys needs to be clarified.

**Working towards an integrated, reliable, clean and safe European transport system**

28. notes the uneven development and fragmentation of the transport network between Europe’s regions, particularly when it comes to rail and road; a high-quality transport network, alongside flexible financial instruments, is needed to boost competition. It is therefore considered essential to develop the TEN-T network, primarily in terms of boosting rail freight transport and a network of regional airports;
29. is in favour of internalising external costs (social and environmental costs, including accidents, air pollution, noise and congestion) and the user pays and polluter pays principle, in order to align market choices with sustainability needs. In this connection, the possibility should be examined of taking further action to gradually phase in a mandatory harmonised cost internalisation system for commercial vehicles on the entire inter-urban network, putting an end to the current situation whereby international hauliers need the Eurovignette, five national vignettes and eight different tags and tolling contracts to drive unhindered on Europe’s tolled roads;

30. notes the progress achieved in road transport safety, but also differences in Member States' legislation and standards, regarding the transport of dangerous products for instance. The Committee reiterates its call for a scientific cost internalisation model, especially for road accidents;

31. notes that for passenger transport, in particular air transport, passenger safety depends not just on technical quality, but also on regular evaluation of crews and continuous improvement in safety standards, and calls on the competent bodies to take immediate action in these specific areas;

32. welcomes the Shift2Rail initiative and the promotion of the Blue Belt project, while drawing attention to the fact that insufficient progress has been made in switching to rail and waterway or maritime transport, despite congestion on the roads and in the skies. Trains and ships can further contribute to achieving the goals of reducing greenhouse gas emissions and accidents. Incentives should therefore be provided to develop and complete the TEN-T network, standardise criteria and rules among the various rail administrations and facilitate access by new operators in the area of free competition;

33. welcomes the roll out of the Connecting Europe Facility but is concerned that the Juncker plan will siphon off EUR 2.7 billion when the Facility’s budget is already too small to build the trans-European transport network. The Committee therefore regrets the EU’s clearly inadequate investment in an effective and sustainable transport system and in greening transport;

34. following on from the recent European Court of Auditors report, calls on the Member States to take measures to eliminate bottlenecks in waterway transport (relating to bridges, locks and river width, etc.), coordinate their action, bring infrastructure projects to completion and implement maintenance plans;

35. notes the absence of any reference to integrated maritime or inland waterway and air transport, or to the development of seaplanes, and calls for their inclusion in transport planning;

36. supports the Single European Sky initiative, and calls on the European Commission to present a transparent slot allocation system in order to improve airport use, in the interests of competition. The Committee notes the delays observed during take-off and landing, which are a factor in higher costs, and calls for an examination of the possible environmental impact of increased flight altitudes, on account of pollutant emissions in the troposphere;

37. calls for coordinated action with a view to strengthening multimodal transport, above all by creating the necessary links to nodal points (such as airports; ports and intermodal transport centres), and highlights the need for coordination at Member States’ borders, which could be provided by European Groupings for Territorial Cooperation (EGTC);

38. warmly welcomes the progress made with regard to the search for alternative sources and methods of financing major transport projects, which require long-term planning and financing. The Committee nonetheless draws attention to the difference in approach adopted to promote alternative sources and to the lack of progressive aid, apparently due to the degree of ‘cleanliness’ of the alternative mode of propulsion concerned. The Committee therefore recommends that more effective support be given to modes of propulsion which produce no or a minimum of emissions and for which the infrastructure is already in place and proven to be effective (as for trams and trolleybuses, for instance);
39. stresses that technological and legislative developments throughout the transport sector will require new skills on the part of users. The Committee would invite the Member States and the European Commission to take account of the need for continuous training measures and consider their cost at the design and planning stage so that they can be fully implemented;

40. highlights the rapid changes in working conditions in the transport sector and calls on the European Commission and the Member States to harmonise standards and social rights, with a view to improving working conditions and discouraging unfair competition;

41. stresses that cleaner transport calls for parallel measures to promote travel by public transport, and research into cleaner fuels and more efficient engines. To this end, it is essential to apply policies to enhance use of hybrid vehicles and electric transport;

42. underlines the importance of technological innovation driven by alternative fuels and renewed infrastructure for sustainable, environmentally friendly and low carbon economy in order for European companies to expand exports, boost growth and create jobs.

**Europe should export its successful transport model**

43. reiterates its support for the European Union’s efforts internationally to export its transport models through active participation in international forums;

44. the quality and safety of Europe’s transport networks, which are based on high standards, are an example to third countries and at the same time contribute to European public safety and quality of life. The export of European standards and the opening up of international markets meanwhile strengthens the competitiveness of European industry;

45. notes that the transport sector is extremely complex, encompassing areas such as infrastructure, information technologies, research and innovation, vehicle specifications and user behaviour, to name just a few. The CoR calls on the Member States and the EU institutions to pay due attention to coordinating these different areas successfully, with a minimum of bureaucracy and in close cooperation with local and regional authorities, so as to achieve optimum results.

Brussels, 16 April 2015

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

Markku MARKKULA
Opinion of the European Committee of the Regions — The future of the dairy industry

(2015/C 195/03)

Rapporteur: René Souchon, President of the Auvergne Region (FR/PES)

THE EUROPEAN COMMITTEE OF THE REGIONS,

I. BACKGROUND ANALYSIS

Developments in the dairy products market

1. notes that in its report COM(2014) 354 final of 13 June 2014, drawn up on the basis of data available in mid-March 2014, the European Commission estimated that the milk market would remain favourable in the short to medium term and concluded that the abolition of quotas should go ahead. The Commission acknowledged that there were still issues to be resolved, but considered it too early at that stage to measure the impact of ending quotas, preferring to wait until 2018 to put forward new legislative proposals;

2. considers that, since March 2014, highly favourable development in the market and in prices has been reversed as a result of three factors: a high level of global production, a slowdown in global demand and the Russian embargo. With the strong increase in European production, these three factors are already driving milk prices down;

3. notes that forecasts for the first half of 2015 predict a sharp fall in prices and dairy product stocks that could exceed 2009 levels, with considerable disparities between and sometimes even within Member States;

Implementation of the Milk Package

4. notes in the Commission’s report that the use of contracts is still negligible, which makes it difficult to rebalance the relationship in the producers’ favour. Cooperatives, which account for more than 60% of milk in Europe, were exempted from contracting and production controls, as they announced beforehand that they would collect all milk from their member producers. This severely limits the scope of the measures contained within the Milk Package;

5. observes that the large increase in production and collection throughout the European Union in 2014 demonstrates that contracting has not had (and will not have) an effect on overall supply control within the EU, dairy companies now being in open competition with each other;

6. notes that the marketing sector — the last link in the food chain for milk — often uses consumer sales of milk and dairy products as loss leaders, offering them at low prices and passing the reduction back up the chain to the producer, who is ultimately the one who bears the consequences of these aggressive marketing policies, with the result that in many cases the sums received by producers do not cover their production costs;

7. notes that specific measures (which were not set out in the Milk Package), adopted in response to the Russian embargo, have clearly proved to be inadequate, in view of the losses incurred since August 2014;

8. notes that the provisions contained in the Milk Package for managing the supply of goods with the status of protected designation of origin (PDO) still seem to be underused (with three cheeses affected in France and two in Italy) and would like to have more information from the European Commission about on-going applications and calls for awareness of this option to be raised in the Member States and for the Commission to simplify access to the Protected Designation of Origin (PDO) and Protected Geographical Indications (PGI) schemes;
Post-quota prospects

In the short term:

The impact on dairy production in the European Union

9. notes that the analysis carried out for the conference ‘The European dairy industry: developing beyond 2015’ of 24 September 2013 and the report COM 2014-2024 show that growth in EU milk production depends primarily on the global market, which accounts for only 7% of global production but is highly competitive. Powdered milk constitutes two thirds of the quantity supplied by three main exporters: the EU, New Zealand and the USA. The OECD and the FAO predict that global demand will grow by around 2% per annum up to 2023. There is a continuing need to identify and develop new markets, increase the EU global market share, secure fair access for EU exporters and stimulate export growth. The improvement of knowledge transfer, research, innovation and measures to improve quality and labelling will bring further added value to EU dairy products and increase their competitiveness on the internal and world market;

10. observes that this analysis, carried out in September 2013, predicted that over time an increasing amount of milk produced in the European Union would be transformed into products with a higher added value at the expense of unprocessed bulk production;

11. notes that this analysis acknowledges the increasingly unequal distribution of added value (in favour of processors) along the dairy supply chain;

12. notes that it is widely recognised that abolishing quotas will lead to a greater concentration of production on large farms and in certain regions of the EU;

13. is of the opinion that the EU does not have operational tools capable of limiting the volatility of farmgate milk prices;

14. also notes that a large proportion of recent investment in the European dairy sector focuses more on drying towers for powdered milk than on transforming milk into products with a high added value — such as cheese (50% for powders in comparison with 20% for cheese (1));

15. is of the opinion that concentrating production in larger farms does not in itself guarantee efficiency or income, as the Danish example demonstrates;

Territorial impacts and their side effects

16. notes that, for the post-quota period, a number of studies (2) have confirmed the concentration of dairy production in the most productive areas with the highest dairy production levels and the lowest collection costs and the contraction or abandonment of milk production in regions deemed to be disadvantaged or vulnerable. Points out that in these regions — whether they be remote, upland or outermost regions — dairy production provides an economic activity that is difficult to replace and that also plays an important social and environmental role;

17. regrets the paucity of studies into the fate of disadvantaged areas where dairy production has gradually been abandoned, with the Commission’s 2014 report stating merely that ‘it is too early to see significant effects of the Milk Package on the milk sector in disadvantaged regions’;

18. In particular, the Committee regrets the lack of specific studies of regions where dairy production is not only crucial for creating and maintaining employment but also provides a strategic lever for other economic sectors, such as tourism. These cases are rarely reported in terms of the number of farms and local jobs, and never in terms of their contribution to public goods (water quality and landscape, biodiversity, product quality, green tourism and regional markets etc.) or their contribution to other sectors of the economy;

19. notes that recent studies by the Commission and experts both predict an acceleration of the decline in milk production in almost all countries in the eastern EU (with the exception of Poland), where dairy farming is often the main agricultural activity. This will make it harder for rural areas to maintain their population;

20. also feels that it is urgently necessary to quantify how many jobs would be lost in ‘intermediate’ crop-growing and cattle-breeding areas if milk production was abandoned in favour of cereals;

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21. highlights the fact that existing safety net measures such as public intervention and private storage aid are not suitable tools to address persistent volatility or crisis in the milk sector, which is worsened by the Russian embargo and is hitting the Baltic States and Finland the hardest.

In the medium term:

22. notes that despite an end to quotas, the latest forecasts published by the European Commission show a limited increase in European production, due in particular to environmental constraints, which are increasingly acute in some Member States. However, the production increase of 2014 demonstrates that a favourable milk price combined with a good feed year can result in a considerable and completely unforeseen surplus of milk;

23. notes that, according to the Commission, the average milk price for the period 2016-2024 should be in the region of EUR 350 per tonne, with fluctuations ranging from EUR 300 to 400 per tonne in eight out of the ten years and becoming more severe in two out of the ten years;

24. considers such volatility, and the huge disruption and uncertainty that it causes for the milk and dairy sector in the EU, to be incompatible with significant investment in farms and with new producers going into business. These factors will be felt particularly in the mountainous and outermost regions, which face the most constraints and have the least potential for economies of scale;

25. notes, furthermore, that EU companies face competition from a few powerful global exporters (including New Zealand, the United States and Australia) which have historically had access to Asian markets and which have a decisive influence on the price of dairy products on the global market;

26. observes that we should not confuse growth of the global market with growth in global demand. The latter is fairly steady in the medium to long term, while the global market develops in a more unpredictable fashion, accounting for only 7% of production, and the surpluses of a few countries;

27. considers it unacceptable that farmgate milk prices in Europe should be so closely linked to global prices, given that 90% of EU produce is destined for sale on the European market;

Risks and opportunities for the European dairy industry linked to the commercial agreements currently under discussion

28. is of the opinion that both demand for dairy products and export opportunities will be subject to the effects of the different free trade and regional trade agreements currently being negotiated;

29. notes that the major risk to European dairy farming and to the consumer deriving from these agreements will come from the lowering of quality and health standards for Europeans. The non-recognition of PDO status called for by the dairy industry also poses a risk;

30. also feels that the agreement currently being negotiated with the United States on the harmonisation and substantial reduction of customs duties, included in the EU’s negotiating mandate, presents both risks and opportunities for the dairy industry, as customs duties for dairy products are usually much higher in Europe, whereas American milk producers receive more support under the Farm Bill 2014-2018;

31. notes that the EU is in the process of concluding an Economic Partnership Agreement with West Africa, which aims to abolish customs duties with this group of countries on at least 75% of its exports, including powdered milk. However, strong EU exports will undermine the development of dairy farming and small dairies in those countries and accelerate the migration of the rural population to urban areas and to Europe;
II. POLICY RECOMMENDATIONS

Make full use of the tools available at European level

Enhance the safety net

32. notes that under the new CAP (2014-2020), the dairy industry benefits from a safety net, based on a regulatory framework that allows the Commission to react to exceptional circumstances;

33. is of the opinion that the current safety net (EUR 217/t) does not offer high enough levels of protection in the event of a fall in milk prices;

34. proposes that the Commission should make the intervention price more reflective of production costs and better attuned to market changes. The current intervention price, unchanged since 2008, needs to be revised to take into account increasing production and input costs and should be revised on a regular basis;

Improve the instruments in the Milk Package

35. notes that for the countries that decided to make milk contracts compulsory the establishment of producers’ organisations has not produced the intended results, as processors have continued to negotiate directly with producers by imposing very short contracts and no milk price guarantee. The Committee would therefore propose that priority be given to the establishment of local and regional producer organisations, which are not dependent on a single dairy and which would benefit from much greater negotiating power, to take the place of direct producer-dairy contracts, along the lines of the system operating in Quebec;

36. considers it vital to strengthen the role of producers’ organisations so that they play a clear economic role in managing prices and supply;

37. suggests making contracting more effective by expanding the mechanism to the whole industry, including large-scale retailers;

38. proposes encouraging producers to join and participate in organisations that can process milk and reduce the number of links in the chain;

39. proposes supporting EU domestic consumption of dairy products and issuing rules on labelling that provide full information about origin, production method, industrial processes used, etc.;

40. proposes prohibiting the marketing sector from using practices that lead to the downgrading of milk and dairy products, so that they cannot be used as loss leaders in its marketing policies;

41. recommends improving the operation of the European Milk Market Observatory and putting in place the necessary resources for this observatory to become a genuine steering mechanism, and not just a tool for post hoc observation. To this end, the European Milk Market Observatory should have an early-warning system for emerging market crises. For this reason, it is vital for the observatory to produce monthly data on a sub-Member-State scale, to take account of differences in circumstances between the European regions. The Commission should pass on the early warnings to the Member States and stakeholders and immediately take all appropriate measures;

Optimise the use of measures provided under Pillar I

42. reiterates the fact that Member States may opt for coupled support for dairy producers, up to a set percentage of their Pillar I national envelope. They may also award a payment of up to 5% of their national envelope to areas that face natural constraints. The POSEI arrangements (Programme of Options Specifically Relating to Remoteness and Insularity) cater for the outermost regions of the European Union and are designed to take account of geographical and economic handicaps in these areas, but not to tackle crises triggered by the deregulation of the milk market;
43. considers it necessary, in recognition of the increased production and processing costs in the outermost regions, that additional support be provided for the POSEI programme in order to compensate milk producers for the impact of market deregulation and enable them to remain competitive with producers elsewhere in the EU;

44. fears, however, that a large disparity in the type and level of support for EU farmers may occur as a result of countries being able to make their own choices and that redistribution will often remain too weak in comparison with differences in production costs;

**Optimise the use of measures provided under Pillar II**

45. notes that Member States could employ a strategic approach to address specific needs within the dairy industry, by developing specific thematic sub-programmes to limit the restructuring of the dairy sector, for example;

46. notes that support for areas subject to natural constraints and other specific disadvantages includes compensation payments for loss of income and additional production costs;

47. is of the opinion that this arrangement must also apply to milk producers located in an area subject to natural constraints. These payments are particularly important as a means of preventing the abandonment of farmland and rural exodus;

48. notes, however, a significant reduction in the budgetary resources available for rural development policy at European level, which could delay the modernisation of small farms, thus preventing them from meeting environmental protection standards;

49. for a more viable future, encourages sustainable on-farm investment and agricultural extension activities so as to improve milk yields and on-farm efficiencies, e.g. through better milking facilities, improved breeding, and ICT systems and to ensure a safer workplace; accordingly supports additional measures from the European Commission and EIB to inject investment and liquidity into the industry;

50. is concerned that the co-financing requirements applicable to measures under Pillar II will lead to large disparities between producers, given the variation in budgetary resources available in Member States;

51. recognises the need for consistency in EU policies addressing climate change and food security issues and recommends that support be given to the most carbon-efficient and environmentally sustainable dairy production systems;

52. recommends that the support related to milk production in disadvantaged regions should be developed and maintained with a long-term strategic approach. The legal framework for disadvantaged regions should be reinforced;

**Other measures**

53. proposes strengthening the ‘aid scheme for the supply of fruit and vegetables, bananas and milk in educational establishments’ and is disappointed at the European Commission’s decision, as part of its 2015 Work Programme, to suspend the legislative proposal under discussion in the European Parliament and Council pending the results of a new evaluation of the school milk and school fruit schemes;

54. takes the view that distributing milk in schools could have a real regional impact, by providing a targeted supply of local produce of good environmental quality to regional authorities as part of a short supply chain, and would allow children to reconnect with agriculture;

55. considers that full use should be made of research measures to develop innovative high-value dairy products in high-growth markets such as medicinal nutritional products and nutritional products for infants and athletes;

56. considers that research, development and innovation should be prioritised to better enable EU processors to compete internationally;
Examples of tools available outside the European Union

57. notes that in the United States of America, the 2014 Agriculture Act reviewed support mechanisms for the dairy industry. The new Margin Protection Programme for dairy producers offers compensation when the difference between the price of milk and the cost of animal feed falls below a set amount. A minimum margin over feed costs is guaranteed through public funds; higher margin levels can be chosen, with producers bearing the costs. These new uncapped provisions for large herds will encourage an increase in US production and exports;

58. notes that in Canada, adjustments of internal market production and milk price indexation are based on the actual cost of production rather than on global prices. This results in significantly higher and more stable milk prices than in Europe. This supply control mechanism relies on a producers’ organisation based in a single marketing office in each province;

59. suggests that the Commission build on these models as it rethink the type of support and the system of structuring dairy producer organisations by large production area;

Proposals at European level

60. notes that the European Parliament’s Agricultural Committee had adopted a compromise amendment to the Dantin report (Single CMO) at its meeting on 23 and 24 January 2013, regarding a provision that established support for producers who voluntarily reduce their production in the event of a serious crisis;

61. suggests creating a European centre for monitoring new activity to analyse data relating to new activity in the dairy sector;

62. notes that the Market Responsibility Programme put forward by the European Milk Board (to be applied when the milk market is threatened by imbalance) is a cheap and flexible proposal that should be examined and assessed as to its feasibility and effectiveness by taking 2014 as the test year;

63. as voluntary codes of practice are not working, recommends that the European Commission bring forward proposals to ensure that all those involved in the food supply chain, including liquid milk and dairy products, may be treated fairly and to restrict any anti-competitive practices that are not consistent with maintaining sustainable supply chains;

64. wonders, in particular, about the possibilities offered by the Single CMO Regulation, mainly Articles 219, 221 and 222, in terms of implementing this type of proposal;

Conclusion

65. notes that in many Member States and regions, dairy production is an essential pillar of the regional economy and of agricultural added value. The processing of milk into a plethora of cheeses, following millennia-old traditions specific to each EU country and region, makes a crucial contribution to the identity of the regions, and contributes to the positive image of the European agri-food industry in the world. Moreover, the cheese industry helps keep employment in rural areas, protects the landscape and limits the loss of farmland brought about by urbanisation;

66. recommends that the European institutions put in place flexible and effective additional instruments so as to stabilise the milk market and dairy producers’ incomes in times of crisis, not least by improving the efficiency of risk management measures, in particular those designed to stabilise incomes, combat market price volatility and guarantee milk prices; to ensure food security, it is necessary to simplify and lighten administrative procedures and remove red tape;

67. recommends that, in order to promote exports of European dairy products bearing official quality labels (PGI, PDO, etc.), EU authorities encourage investment in logistics platforms for exports, support training for professionals and foster promotion schemes targeted on emerging markets;
68. advises European authorities to strengthen the protection of European PDO and PGI products when international agreements are being drawn up, not least with a view to preventing counterfeiting and combating the imitation of EU products;

69. with respect to dairy production in mountainous areas and areas north of the 62nd parallel, calls for convergence of compensation payments for natural handicaps, the restoration of milk collection aid (co-financed by the Common Agricultural Policy budget), and support for the promotion and development of a 'Mountain produce' label to be applied to dairy products, subject to an adequate level of food self-sufficiency;

70. calls for a sizeable rural development plan for the Baltic States, Bulgaria, Romania, Slovenia, a large part of Poland, and Greece. These countries have small herds and dairy farms are in the majority. Their future seems likely to be compromised after the abolition of quotas, even though these farms remain the foundation of rural communities today.

Brussels, 16 April 2015

The President
of the European Committee of the Regions

Markku MARKKULA
Opinion of the European Committee of the Regions — Towards an integrated approach to cultural heritage for Europe

(2015/C 195/04)

Rapporteur: Cristina MAZAS PÉREZ-OLEAGA (ES/EPP), Minister for Economic Affairs, Taxation and Employment, Autonomous Community of Cantabria

Reference document: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Towards an integrated approach to cultural heritage for Europe COM(2014) 477 final

I. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS,

Diversity and an integrated approach to cultural heritage

1. welcomes the communication entitled Towards an integrated approach to cultural heritage for Europe, which has the twofold objective of, firstly, assessing the economic and social spin-offs of cultural heritage and, secondly, highlighting the fact that Europe is at a turning point — that is to say, it has an opportunity to meet the challenges of the cultural sector with a strategic, global and integrated approach. The Committee particularly welcomes the emphasis the communication places on the importance of grasping opportunities for encouraging smart, sustainable and inclusive growth and the fact that it is calling for full use to be made of European funding earmarked for cultural heritage. The European Committee of the Regions shares the Commission’s view that the exchange of best practice and ideas requires closer, better coordinated cooperation to be in place from the local level up to the European level, and to this end the Committee is proposing its collaboration here;

2. acknowledges the valuable work the Council of Europe has carried out over many years to the benefit of cultural heritage and calls for close cooperation to be kept up in both legislation and practice. On the topic of communication, the Committee would draw attention to the Faro framework-agreement on the protection of cultural heritage, which protects all forms of cultural heritage in Europe; together they constitute a common basis for remembrance, mutual understanding, identity, a sense of belonging and creativity (1). At the same time, the CoR is closely following the UNESCO World Forum on culture and cultural industries, whose objectives are in synergy with the European Committee of the Regions stance according to which, as part of the post-2015 development programme, culture and cultural heritage should be fully integrated, fully respecting the subsidiarity principle (2);

3. underlines the importance of the role which all levels of government have to play, by actively involving the players concerned in the protection of and support for cultural heritage in Europe, as well as, given the challenges of the 21st century, in steps to take advantage of the diversity of cultural heritage to the benefit of economic recovery. According to the Lisbon Treaty, the EU is to respect its own rich cultural and linguistic diversity, and ensure that Europe’s cultural heritage is safeguarded and enhanced (3). The Union is to contribute to the flowering of Member States’ cultures, while respecting their national and regional diversity and the subsidiarity principle, at the same time bringing the common cultural heritage to the fore (4). Cultural, historical and social diversity will flow from future innovation in economic, scientific, artistic and political domains, as well as in everyday life;

(3) TEU Art 3(3).
(4) TFEU Article 167.
4. stresses that cultural heritage is an integral part of the cultural and creative sectors; it is the sum of tangible, intangible and natural resources, goods and knowledge inherited from the past and it can help shape the face of municipalities, cities, towns and regions and significantly help to achieve the Europe 2020 strategy goals and strengthen social cohesion. Cultural heritage is a common value and shared asset which, when recognised as such, may help develop a vision for the future. Conservation of this heritage, its development and steps to guarantee its long-term future are a vocation, responsibility and shared goal. Concerning the protection and safeguarding of the cultural heritage of EU Member States, the Committee agrees with the communication in underlining the importance of Article 36 of the Treaty (5), Council Regulation (EC) No 116/2009 on the export of cultural goods (6), as well as Directive 2014/60/EU on the return of cultural objects unlawfully removed from the territory of a Member State;

5. feels that the role of cultural heritage is still undervalued. Indeed the proportion of State aid earmarked for cultural heritage goals has constantly been on the decrease. Given that cultural heritage has more than just economic value and that budgetary cuts can affect it, new ways of financing conservation of the European Union's immense cultural heritage must also be sought. Therefore the Committee welcomes the progress made by the European Commission in legislative measures, in enlarging — as part of moves to modernise rules on State aid — the scope of the general block exemption regulation (7) for aid to promote culture and heritage conservation; this development recognises, on the one hand, the importance of cultural heritage as a factor in job creation and, on the other, its role in conveying the identities and values which make up a society: two features which should be taken into account when allocating State aid;

6. notes that natural heritage is an intrinsic part of cultural heritage and regrets that the communication makes no reference to it. Welcomes in this regard the fact that Commission Regulation (EU) No 651/2014 (8) clearly acknowledges that 'as natural heritage is often crucial to the shaping of artistic and cultural heritage, heritage conservation in the sense of this Regulation should be understood to cover also natural heritage linked to cultural heritage or formally recognised by the competent public authorities of a Member State';

7. welcomes the idea included in the recently revised directive 2014/52/EU on the assessment of the impact on the environment (9), to the effect that it is also important to take account of the potential impact of public and private projects on cultural heritage. These European provisions could have the effect of encouraging measures adopted by local and regional authorities on culture as well as on integrated development and the feasibility of protecting and preserving cultural heritage as part of their complex urban and spatial development plans;

8. draws attention to the fact that the destruction of cultural property as well as unauthorised excavations and trafficking of cultural artefacts threaten the sustainability and protection of cultural heritage and remain an issue requiring collective action at European and international level. Such action requires open channels of communication and close cooperation involving EU Member States, as well as candidate and third countries. The Committee welcomes the introduction of the Internal Market Information System (IMI), established by Regulation (EU) No 1024/2012, and looks forward to the establishment of a module of the IMI system specifically customised for cultural objects, which should facilitate the implementation of Directive 2014/60/EU;

(5) Article 36 of the Treaty foresees prohibitions or restrictions on imports, export or goods in transit for the protection of national treasures possessing artistic, historic or archaeological value.
(6) Council Regulation (EC) No 116/2009 on the export of cultural goods lays down provisions to ensure that exports of cultural goods are subject to uniform controls at the Union's external borders. Cultural goods include, inter alia, direct products of excavations, finds or archaeological sites within a Member State.
(7) Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (for investment aid for culture and heritage conservation: EUR 100 million per project; for operating aid for culture and heritage conservation: EUR 50 million per undertaking per year).
(8) Recital 72.
9. considers that the Commission should effectively address the lack of EU-wide data concerning the contribution of cultural heritage to economic growth and social cohesion. Therefore encourages the setting up and launch of a European database to which the various projects devised for this purpose could contribute (10). It also encourages the development of standards that can be a base for making some cost-benefit analyses which can demonstrate the extent of the economic and social contribution of cultural heritage, pointing out the actual benefit of this heritage serving as a basis for additional conservation measures;

10. supports the open method of coordination (OMC) as part of the European agenda for culture, in that it structures cultural cooperation by means of strategic goals and facilitates communication between Member States, the spread of good practice and mutual learning. The CoR recommends examining, together with the European Commission, the possibility for the Committee also to be represented as of 2015 in the working groups provided for in the new work plan for culture. The Committee would reiterate, moreover, that national representatives should systematically consult local and regional stakeholders so that they can raise questions as reliably as possible (11) and ensure that expertise, knowledge and experience built up at local and regional level, as well as creative and innovative proposals on results obtained in key areas, are turned to good use by publicising good practice;

Cultural heritage and identity

11. underlines the fact that cultural heritage is a cornerstone of local, regional, national and European identity. The conservation and protection thereof, as well as the strengthening of social identity at local and regional level, are key factors for sustainability, which will ensure that community values are preserved for future generation and that traditional features and knowledge survive in the long term. Cultural heritage is centred on society and plays a front-line role in the fight against poverty and social exclusion as it is a source of economic development and social cohesion. At the same time, familiarisation with cultural heritage at local and regional level should be part and parcel of all formal education curricula;

12. stresses that local cultural values — artistic, literary, audiovisual and architectural creation, creative work, contemporary culture, crafts, folklore, archaeological, historical, religious and ethnographic heritage, dialects, music, food and gastronomy, countryside and natural features, traditional expertise and knowledge, know-how, living traditions, etc. — are all closely linked to identity, which is rooted in the tangible, intangible and natural heritage of communities. The Committee would point out that developing culture at local level strengthens local identity and distinctiveness; the mix of different identities, based on mutual respect, also helps to create a common cultural heritage. Cultural products created in this way generate unique local value. These cultural factors are also important at European level (12);

13. emphasises that it is intangible cultural heritage that determines the identity of a region and that regional development is furthered by making good use of this. In cross-border and transnational cooperation, numerous examples have been recorded of good practice in devising strategies based on intangible cultural resources. By focusing on something that is unique and specific, such good practice alerts us to something people can be proud of, while making a region or district more attractive in terms of business competitiveness (13) and helping generate jobs;

14. points out that protecting cultural heritage does contribute towards developing a sense of identity by raising awareness of heritage values, by fostering a sense of belonging, by connecting to concepts of place-making and by the very fact of appreciating them. This can contribute to the development of social partnership and public-private partnerships, while constant efforts to conserve cultural heritage can help generate jobs and encourage the social economy. In this respect, it considers the exchange of expertise which takes place in other Member States with regard to classification and comprehensive protection of local heritage to be relevant;

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(10) The project mentioned in the Commission communication, entitled ‘Cultural Heritage Counts for Europe: Towards a European Index for Valuing Cultural Heritage’, could make a useful contribution to European-level data collection in the areas concerned, by compiling the findings of the research conducted at the national, regional, local and/or sectoral levels as part of a European mapping exercise.

(11) CdR 2391/2012 fin.

(12) CdR 2391/2012 fin.

(13) One example of transnational cooperation is the 2011-2014 Cultural Capital Counts project which brings together ten areas from six central European countries with the joint aim of promoting the region’s development on the basis of its traditions, knowledge and know-how and highlighting its cultural heritage as part of this cooperation. The project is being co-financed by the ERDF and implemented as part of the CENTRAL EUROPE programme.
Cultural heritage as an economic resource

15. considers it important that the policy on the sustainable development of cultural heritage should have positive repercussions in the short, medium and long term for improvements to the economic situation and quality of life in the region concerned. Cultural heritage can also be a driving force for planning inclusive local and regional development and the development of creative industries, and contributes to economic growth by broadening access to cultural goods. One key element of competitiveness is openness to innovative solutions for cultural heritage preservation, implemented also through public-private partnerships;

16. stresses the need to do more to incorporate the cultural heritage sector, culture, creativity and related flagship initiatives into the revised Europe 2020 strategy, and to ensure that this strategy take account of elements demonstrating the contribution which cultural heritage makes to the economy;

17. considers it necessary for more resources to be made available to cultural and creative sectors linked to cultural heritage under the budget of the EU’s new funds (e.g. the ERDF, ESF, EAFRD and EFF) and programmes (e.g. the Creative 2020; welcomes in particular the mapping of cultural heritage actions in European Union policies and programmes (14); recommends making full use of the EU’s resources in order to draft and implement local and regional strategies for achieving creative, innovative goals. Furthermore, it remains essential for maximum synergy to be created between European funds and programmes so as to ensure effectiveness and efficiency. The European Commission is contributing to this through its guidelines on coordination, synergies and complementariness between the Structural and Investment Funds, Horizon 2020 and other EU programmes managed directly by the Commission on research, innovation and competitiveness (15);

18. underlines the fact that, as part of the development of regional economies and regional, territorial and urban development strategies and programmes, it strongly recommends that account be taken of: the conservation of cultures and cultural resources which embody value; the burden which the environment and the regions can cope with; and environmental protection-related considerations. Energy-efficient, environmentally- and nature-friendly intervention, measures and tools, which could avert the effects of natural disasters (such as floods), have an important role to play in mitigating the repercussions of climate change and in determining the effectiveness of development based on local and regional assets;

19. deems it important to take advantage of building heritage development, which can mean that heritage sites are given new functions as part of urban renewal measures and can make a contribution, with support from small and medium-sized enterprises, to employment and job creation. The professional credibility of buildings rehabilitation increases when the intervention is undertaken not only with traditional materials, but with traditional and contemporary techniques as well. This knowledge, as well as the monument itself, must be preserved and passed on, in the frame of professional training. Trained and specialised labour will be a demand on the market. At local and regional level, there are numerous exemplary practices supporting and promoting a creative environment, taking advantage of the opportunities offered by cultural diversity, and incorporating cultural strategies into local and regional development with a view to achieving Europe 2020 strategy goals, and the European Committee of the Regions is helping spread knowledge and share experience in this domain. These practical approaches and models favour the creation of a sustainable cultural ecosystem by encouraging creative entrepreneurship;

20. welcomes the fact that the Commission is highlighting — as part of the economic value of cultural heritage — the European construction industry and investment in the historic environment, both of which create jobs and help launch new economic activities; would encourage local and regional authorities to take part in the management of architectural heritage and historic buildings — often public buildings — and to make good use of them in a variety of ways so as to generate income and ensure they are maintained and sustainable; notes that the European capitals of culture programme also makes a major contribution to the conservation of architectural heritage and endows it with a new dimension; as part of this, a number of historic sites and urban districts could be revived in parallel to the process of managing and discussing industrial heritage and industrial wasteland;

21. stresses that local and regional authorities, as the level of government closest to the general population, must take up a front-line role in developing responsibility for protecting the built and natural environment, in encouraging a positive change in mentality and in rallying the public to this cause. Regular monitoring of the conditions of built heritage should be a common practice; authorities should also encourage the spread of the maintenance practices and training of officials and the monument owners;

22. reiterates that, at all levels, SME-related policy must take account of and work with different business models so as to maximise job creation and sustainable economic growth (such as the cultural and creative industries) (16);

23. in all areas of cultural heritage, recommends encouraging the involvement of private capital, which requires both introducing tax incentives and shaping responsible public opinion on preserving tangible and intangible heritage; points out that the private sector often plays an important role in cultural promotion through donations or support in the context of corporate social responsibility; local and regional authorities can contribute to the creation of a conducive environment for the best use of this support (17);

**Cultural tourism**

24. firmly believes that cultural heritage is a powerful driver of local and regional development for the whole of the population, and creates significant material assets thanks to the promotion of sustainable, responsible, high-quality cultural tourism, the development of which is based on the tangible and intangible heritage of local and regional communities. In the European Committee of the Regions’ view, it is now vitally important to create synergies between sustainable tourism strategies and local and regional cultural and creative industries, so as to support economic growth and job creation and facilitate access to culture;

25. points out, however, the importance of striking an appropriate balance between expansion in the cultural tourism sector and protection of cultural heritage;

26. with regard to exploiting the multifunctional potential of cultural heritage, would draw attention to the cultural routes which run both within countries and across borders and, with the involvement of the public and all relevant stakeholders, make an appreciable contribution to spreading local and regional cultural values, as well as helping in complex ways to support employment, job creation and business operations (for example the manufacture and transport of local products, accommodation and restaurants). The routes are organised on a thematic basis (18) — providing a common link — and often go through less well-known destinations, municipalities and villages, thus boosting the diversity of tourism options and the visibility of cultural heritage (architectural, landscape, culinary and intangible) in rural areas. Cultural routes (walkways, cycleways etc.) also have an important contribution to make in making improvements to population health;

27. notes that, in connection with cultural tourism related to gastronomy, local specialities are considered as a significant element of culture, attracting tourists who are drawn by local and traditional agricultural and food products. The Committee stresses that sustainable food production and measures to protect the diversity of local and regional culinary heritage help to create sustainable new jobs, which could play a key role in local and regional growth and cohesion;

(18) One example is 'Sisi’s road' (going through Austria, Germany, Hungary and Italy), which links castles, country houses, parks and cafés with links to Elisabeth, Empress of Austria and Queen of Hungary.
28. highlights the significant added value provided by European territorial cooperation programmes in cross-border efforts to preserve and support cultural heritage: by eliminating borders, they raise the profile of Europe and its regions, cities, towns and municipalities through local and regional cooperation; in terms of cultural tourism, they promote the sale of local products; and with regard to creative industries, they make it possible to exchange skills and knowledge, strengthen the regional economy and open up new outlets. They help to prevent the loss of traditional skills and crafts in the face of demographic challenges. The Committee considers it important for macro-regional development strategies also to contribute to social, economic and territorial cohesion, as part of cross-border cooperation, by turning the values of European cultural heritage into a tourism product and by implementing innovative and creative solutions;

Cultural heritage in the information society

29. recognises that one of the challenges for the Digital Agenda for Europe is to digitise Europe's cultural heritage and historic monuments, make them accessible online and preserve them for future generations. There has already been some progress in this regard. In rethinking the general approach to and role of cultural heritage, we need to focus on reaching a wide audience — and also a new one — by reaping the benefits of technology and making use of new communication tools. This will promote the communities, the exchange and development of knowledge, cultural activities, learning and research. In the Committee's view, digitisation and new technologies will, at the same time, open up innovative possibilities for improving competitiveness; there will be mutual reinforcement between creative and innovative industries and the digitised cultural material available to them;

30. stresses that museums, libraries and archives have an important role to play, as regards cultural heritage, in strengthening cohesion in communities. In the 21st century information society, it is worth reflecting on the role and future of local libraries — which, in many Member States, are funded and run by local authorities — with regard to the accessibility and dissemination of knowledge about cultural heritage. When planning the content of new services and new digital media, it is important to look not only at economic criteria, but also at social and cultural needs. Conferences, training courses and study visits undertaken in connection with town twinning schemes could contribute to the exchange of experiences in seeking modern solutions and good practice;

31. considers the EU's projects to have a vital role in promoting digitisation, and highlights the importance of the Europeana cultural platform, which brings together online content from European libraries, museums and archives with the aim of giving everyone online access to Europe's cultural and scientific heritage. The Committee acknowledges that issues relating to copyright and clarification of online rights continue to present a challenge, and it is in favour of establishing a legal framework for digitisation;

32. recognises that film heritage — cinematographic works as a source of information about the history of European society — is an integral part of Europe's cultural heritage, and would therefore like to see better use being made of its industrial and cultural potential. There are still obstacles to be overcome with regard to the digitisation and online publication of films; moreover, cinemas play an important role in representing the unique culture and civilisation of every people. Given that the digital revolution and the financial burden could lead to lasting changes for local and regional industry, the CoR would once again call for joint efforts and cooperation to prevent the disappearance of small cinemas, and would encourage local and regional authorities to make use of EU funds intended for the modernisation of neighbourhood cinemas;

(19) One example is the ‘Academy of Crafts’ (Hungary-Slovenia): this project was launched in response to the vulnerable position of the craft trades, with the number of people following such training programmes falling and some industrial and craft schools closing down. The project has reversed this trend, created new opportunities for young people, and helped to preserve cultural heritage, with the involvement of around 1,000 entrepreneurs.


(23) CdR 293/2010 fin.
33. underlines the importance of acquiring digital skills from an early age, within the education system, thus empowering the young generation to fully benefit from the new forms of access to culture and better prepare for future jobs, particularly helping them and large parts of society to deal with the consequences of the digital shift (24);

Social integration of cultural heritage

34. welcomes the communication's recognition of the results of the EU's programmes and initiatives to raise public awareness of the social value of cultural heritage and to promote intercultural dialogue. The Committee acknowledges that the European Heritage Label and European Capitals of Culture are initiatives that celebrate the wealth, diversity and common aspects of European cultures (25), and underlines the need for applicant cities to develop a specific cultural programme using local and regional resources and to give it a strong European dimension, with a long-term positive impact on the cultural sector and the host city (26). It is worth noting that the social perception of Europe's cultural heritage as a valuable factor in development should make it possible to draw up standardised European indicators for measuring the impact of this sector on the local and regional economy and on creating and maintaining jobs;

35. considers that designating a European Year of Cultural Heritage, as proposed by the Council of the European Union (27), would help to bring knowledge of cultural heritage to a wider audience;

36. recognises the importance of the European Union Prize for Cultural Heritage/Europa Nostra Awards, which were instituted to celebrate excellence in efforts to protect Europe's heritage and to disseminate outstanding technical achievements, and which motivate active members of the public, civil society, local and regional authorities, private foundations and businesses to rescue historic monuments and sites. The new 'Creative Europe' programme also contributes to this goal, focusing particularly on the cultural and creative sectors aiming to operate beyond national borders (28);

37. believes that the sanctioning of vandalism of monuments, the environment and its artistic components and archaeological sites needs to be further strengthened;

38. agrees with the view that cultural heritage-related research contributes to the conservation, development and promotion of cultural heritage. The Seventh Framework Programme for Research and Technological Development (FP7), Joint Programming Initiatives (JPIs) and Horizon 2020 can safeguard the dynamism and long-term future of Europe's cultural heritage by promoting research and innovation activities that aim to combat climate change and natural threats and disasters. The Committee welcomes the coming launch of the Research and Innovation policy framework and agenda for cultural heritage, and calls in this connection for a cooperation mechanism to be set up in partnership with local and regional authorities;

39. stresses the need to make cultural assets and services accessible to all, by reducing inequalities of opportunity between rich and poor, urban and rural, young and old, and disabled people. Measures to reduce inequalities can only bear fruit if they are implemented with the support and involvement of the people concerned and if they broaden access to skills. Equality of opportunity is an essential prerequisite for cultural democracy;

40. considers it important for the younger generation to get to know their own tangible and intangible heritage, understand the importance of protecting it, and help to promote cultural assets (for example as part of the European Heritage Days). In the Committee's view, this knowledge can be used to establish partnerships for the sustainable exploitation of cultural heritage and informed use of the environment. It recommends that, as part of European Heritage Days, the theme for the week should be chosen to form a network between local authorities' cultural activities;

(24) CdR 2391/2012 fin.
(26) CdR 2077/2012 fin.
(27) Council conclusions on participatory governance of cultural heritage (2014/C 463/01)
41. sees voluntary work as a promising form of local public participation and public relations development. It plays a key role in people's acquisition of knowledge and development of an interest in culture, and helps to prevent the marginalisation of vulnerable groups in society;

Cooperation and the participatory approach

42. considers it important, in order to consolidate the longevity, development and visibility of our cultural heritage, for the intrinsic values of the chain of cultural heritage to be protected and exploited sustainably, and for local and regional authorities and institutions responsible for education, culture and cultural heritage to cooperate and develop their activities — preferably systematically — as this could prove useful in providing the public with information they can understand. Cooperation is synonymous with building trust, establishing contact between peoples, and ensuring that we find shared solutions to shared challenges;

43. underlines the key role played by cross-border town twinning schemes in promoting a mutual, interactive and experience-based understanding of local and regional cultural heritage and of its diversity, thanks to the active involvement of the public. In this regard, the Committee would highlight the added value, at EU level, provided by the 'Europe for Citizens' programme in setting up town twinning programmes and networks of towns; it uses remembrance projects with a European dimension to encourage tolerance and a better understanding of the European Union's history and diversity, and to create a connection between Europe and the public. The CoR also welcomes the fact that this programme is being continued in the EU's new financial framework (29);

44. recommends rewarding the best cultural heritage protection practices that emerge from partnerships and cooperation between local authorities, which will also help to strengthen the identity of the European Union;

45. considers it important for thematic cultural heritage cooperation schemes to be set up and implemented in urban and rural municipalities, and for all stakeholders to be encouraged to take an active part in the decision-making process, so as to promote effective participatory governance. The Committee stresses the value and importance of multilevel governance (30), which facilitates inter alia the spread of best practice in cultural heritage policy, the development of participatory democracy, mutual learning, the emergence of new forms of partnership and dialogue, and the effectiveness and consistency of sectoral policies in relation to cultural heritage;

46. notes that re-evaluating the importance of culture and cultural heritage is a lengthy process involving all of society's stakeholders. In the CoR's view, this change of attitude can only be achieved if it can be ensured that an even larger proportion of the population feels involved, for example by reducing social inequalities, developing local communities, increasing opportunities for participation in society, creating an openness to new ideas and developing the necessary skills for devising, getting to know and assessing competences with regard to innovation and cultural values. We have a shared responsibility to safeguard, with the involvement of all stakeholders, the acquisition of competitive knowledge and culture, which are so vital for dealing with the challenges facing the EU. In this respect, the CoR welcomes and supports paragraph 28 of the conclusions of the Education, Youth, Culture and Sport Council of 25 November 2014, which calls for consideration to be given to a European Year of Cultural Heritage. This would contribute to the attainment of shared goals in the pan-European context;

47. underlines the important role that culture can play in foreign affairs in overcoming differences and recognising common and shared values between peoples. The CoR therefore requests that greater visibility be given to high level cultural relations and in this respect takes note of recent efforts to include cultural diplomacy in the European Union's external relations, in particular through the preparatory action on Culture in EU External Relations;

48. also stresses the need for closer cooperation in combating the illicit trade in cultural goods and objects. It therefore urges the Member States to ratify the 1970 UNESCO Convention and the 1995 UNIDROIT Convention, and to ensure that it is enforced in practice by making appropriate changes to national laws and through tighter police and customs controls at EU borders.

Brussels, 16 April 2015

The President
of the European Committee of the Regions
Markku MARKKULA

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(30) Charter for Multilevel Governance in Europe.
Opinion of the European Committee of the Regions — The improvement of the implementation of the Territorial Agenda of the European Union 2020

(2015/C 195/05)

Rapporteur: Marek Woźniak (PL/EPP), President of the Wielkopolska region

1. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS,

1. emphasises that since the beginning, the EU Territorial Agenda (TA) has defined itself as an action-oriented policy framework, developed to promote polycentric territorial development of the EU. Responsibility for political action lies mainly with local and regional authorities, the Member States and European Institutions;

2. points out that the goal of the TA is to ensure strategic guidelines concerning territorial development, support for inclusion of the territorial dimension in various policy areas at all levels of government and guaranteeing that the Europe 2020 strategy is implemented in accordance with the principles of territorial cohesion (1);

3. regrets that the territorial agenda was missing from the political arena for several years, but welcomes the interest shown by the current presidency trio, Italy-Latvia-Luxembourg;

4. emphasises that the (place-based) territorial approach is the only policy model through which the Union can address the expectations of European citizens (2). This is also why the European Union, with the active commitment of the Committee of the Regions as well as local and regional authorities and other stakeholders, must play a bigger role in the development of a place-based approach that will improve the way the EU Territorial Agenda is implemented;

5. points to the need for joint strategic planning for the whole of Europe based on a general vision of future development with the aim of supporting better coordination of EU policies, generating synergy between sectors and clearly indicating which institutions are responsible for implementing the TA at European, national, regional and local levels;

6. in this context, in addition to providing planning and coordination mechanisms, it is essential to raise awareness and provide territorial information and methodological support for local and regional authorities in order to achieve more sustainable and socially inclusive development. In that regard there is still significant work to do to obtain comparative data at local and sub-local level across all of the EU;

7. calls therefore for the drawing-up of an integrated spatial development strategy at the European level while ensuring that the existing planning powers at local and regional level are respected (3);

8. recommends strengthening the territorial dimension in connection with the effective implementation of Europe 2020 and beyond, which particularly takes into account the territorial impact of EU policies; to this end, recommends conducting a review of sectoral policies in terms of their territorial impact, and introducing on a permanent basis into the process of enacting laws on individual EU policies, especially post-2020 cohesion policy, a territorial impact assessment, which would constitute one of the basic elements of assessing the impact of regulation;

(1) Territorial Agenda of the European Union 2020. Towards an Inclusive, Smart and Sustainable Europe of Diverse Regions.
(2) Barca Report, p. 108.
9. points out the need to monitor steps taken at the EU level that are necessary for counteracting the growing regional disparities throughout the whole EU in the context of the recent crisis, given that these constitute a serious threat to territorial cohesion;

**General comments**

10. declares that the EU needs a place-based development strategy and that efforts made to this end within the new cohesion policy legislative package should be stepped up. In other words, cohesion policy must reconcile conditionality with subsidiarity, paying greater attention to the latter;

11. reiterates that the EU’s territorial policy must take into account the impact of the different EU policy strategies on the regions, cities and urban areas and ensure that ongoing challenges can be dealt with comprehensively, going beyond just the structural and investment funds to cover the Environment, Transport, Internal Market, Digital Agenda, to name just a few other EU policies with a clear territorial impact. The spatial aspect should be taken into account when formulating policies to maximise synergy, take advantage of development opportunities and prevent negative policy impacts;

12. restates its recommendation for the establishment of a Cohesion Policy Council comprising the ministers responsible for regional development at the relevant level of government in each Member State and a representative of the European Committee of the Regions as coordinator of cooperation, with the aim of strengthening the system of checks and ensuring balance. The Committee would be willing to play an active role in the political discussions on the establishment of such a structure with a view to ensuring that the point of view of local and regional authorities is fully taken on board;

13. stresses that partnership is an essential prerequisite for enhancing the effectiveness of cohesion policy and that only a system of multilevel governance can ensure effective linkage between the strategic guidelines set by the European Union and local and regional challenges (4);

14. renews its support for new mechanisms and instruments for strengthening the territorial approach through Community Led Local Development (CLLD) and Integrated Territorial Investments (ITI). These create excellent possibilities to empower local authorities, cities and regions to use EU funds to achieve growth and prosperity and get back on the path to convergence. Therefore regrets that, while many Member States have considered implementing them in practice their deployment is being marred by the regulatory barriers that remain in the EU Regulations and the reluctance of Managing Authorities to let go the delivery of EU down to the regional and local levels;

15. given the very different degrees of implementation of the above-mentioned instruments in the individual Member States, the system for managing, implementing, monitoring and overseeing these instruments which support territorial development must be simplified and coordinated as much as possible;

16. indicates, however, that the territorial approach to development extends far beyond these instruments and must be taken into account in all aspects of cohesion policy;

17. calls for greater compliance with the provisions of Article 174 of the Treaty on the Functioning of the European Union (TFEU) on territorial cohesion. This Article provides that the Union shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions, paying particular attention 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; indeed one of the keys to the eventual success of the TA2020 would be to enable these territories to overcome their structural handicaps to development;

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(4) CoR 2012/1683.
18. also highlights the special case of the outermost regions (OR), whose specific characteristics and constraints, identified in Art. 349 TFEU, need to be taken into account in order to enable them to overcome the structural obstacles to their development and thus become another key factor for the success of the Territorial Agenda 2020;

19. consideration should also be given to other demographic challenges that have a major impact on regions, such as depopulation, an ageing population and highly dispersed populations; asks the Commission to pay particular attention to the most geographically and demographically disadvantaged areas when implementing cohesion policy (5);

20. calls for a renewed debate on measuring the quality of life using ‘GDP and beyond’ indicators, emphasising that territorial cohesion is complementary to economic and social cohesion and therefore cannot be measured solely by economic indicators. ‘The smart, sustainable and inclusive growth of the EU involves much more than just increasing GDP. It encompasses also territorial, social, cultural and especially environmental aspects which are particularly significant in rural or less populated regions.’ In this connection, the design of rural and urban green infrastructure improves the quality and reduces the vulnerability of the region. It is important to bear in mind, when choosing indicators, that the availability of statistical data at regional level is limited across all Member States;

21. calls for implementation of a set of comparable and reliable indices and indicators which could be used to measure, support and monitor territorial cohesion, comprehensive territorial development, structural problems, territorial challenges and opportunities and the territorial effects for different geographical levels and types of region (6). This will enable decision-makers to make informed spatial planning decisions in accordance with proportionality requirements;

22. considers that it is vital to take into account climate-related and environmental dangers and the resulting territorial impact;

23. also points out the need to launch discussions on the future of cohesion policy after 2020, to look in particular at whether the initial objectives, including support for the place-based approach, have been achieved but also to consider if the current allocation methodology for the ESIFs are fully consistent with the policy’s objectives and take sufficient account of territorial diversity;

**Polycentric territorial development**

24. considers polycentric development of the EU to be of key importance for achieving territorial cohesion, contributing to a more integrated urban network and better provision of social cohesion goods and services throughout the region;

25. notes that the Europe’s effectiveness and quality rely on creating networks of contacts between cities of all sizes, from the local to the global level, as well as on empowering people and conducting local activities promoting an area’s strengths within Europe and worldwide;

26. stresses that openness towards neighbouring countries and the rest of the world is an essential condition for all European regions and cities wishing to take advantage of the development opportunities provided by global growth and technological advances. Support for cross-border cooperation especially at the EU’s external borders has proved an effective instrument in this respect. The long-term development of Europe depends on its global image and on the exploitation of the competitive advantages of each city and region in the process of completing the single market and establishing effective joint development strategies, particularly in the context of the Euro-Mediterranean and Eastern partnerships, as well as the transatlantic partnership (7);

(5) CoR 2014/4896.


27. points out that cooperation between the most developed cities and regions will provide added value and contribute to the development of the surrounding areas. The Committee therefore stresses that the role of local and regional authorities and their opinions and suggestions must be taken into account when these authorities are directly impacted by European policies;

The role of second-tier cities and of small and medium-sized urban areas and rural areas

28. emphasises the benefits of the polycentric regional development model and in this context highlights the importance of links between urban and rural areas;

29. calls for the adoption of a policy approach favourable to the creation of functional regions, both within countries and at cross-border level, given that functional regions include both urban and rural areas and their role in maintaining a critical mass for development and reducing susceptibility to external shocks has been frequently highlighted in economic and spatial studies;

30. notes that pockets of social exclusion occur in urban, suburban and rural areas which are often adjacent to areas with a decent standard of living. Sub-regional characteristics must be taken into account in order for the territorial agenda to be implemented better;

31. calls for a greater focus of EU policies and funding on effective and efficient connections between urban regions, taking account of the phenomenon of urban sprawl and new forms of land occupation, access to knowledge and education and the effective creation of networks of cities and functional areas (8) in order to share best practices and effective policy solutions and projects;

32. welcomes the fact that the Territorial Agenda 2020 call for states, regions and cities (including small and medium-sized towns) to contribute to common European territorial priorities, but at the same time regrets that local and regional authorities are not yet treated on the same level as other entities in the process of making decisions on these issues. Efforts should be made to enable these authorities to react more effectively to the most important territorial challenges in Europe;

33. recognises that the effective functioning of small and medium-sized towns and the diversification of rural economies are essential steps towards fully implementing the Territorial Agenda. In this regard, strategies should focus on fair access to services of general economic and social interest, enlargement of functional areas (building upon the Rural-Urban initiatives which have already been developed) and promotion of the accessibility and interconnection of small and medium-sized towns (9);

34. notes the role of small and medium-sized urban areas as one of the elements of polycentric territorial development. In this context, is pleased that the trio of presidencies has taken up this common topic in the area of small and medium-sized urban areas concerning analysis of urban-rural linkages and presenting mechanisms for cooperation between different areas and achieving more balanced territorial development. It is essential to strengthen the identity-giving values of regions (landscape, cultural and environmental heritage) as assets offering differentiation and competitiveness on the global market;

35. small and medium-sized urban areas play an active role in ensuring well-being and prosperity to the inhabitants of surrounding rural areas; they are centres for employment, services, local transport hubs and they guide growing transport demand. They therefore play a role in limiting depopulation of urban and rural areas. However, they can also contribute to development of metropolitan areas through participation in a common polycentric network. They help to solve the environmental and quality issues that result from excessive concentration of populations in large cities;

(8) ‘How to strengthen the territorial dimension of Europe 2020 and the EU Cohesion Policy’.
(9) ‘How to strengthen the territorial dimension of Europe 2020 and the EU Cohesion Policy’.
36. in the light of the above, calls for further development and a better coordination of the urban dimension of cohesion policy with other policies affecting urban areas in the framework of an integrated urban agenda and for strengthening the formal system of cooperation between European urban areas and their rural hinterland (10); reiterates its call for a white paper for an integrated urban agenda;

**Connecting European regions: the territorial perspective**

37. considers European territorial cooperation, operating with support from cross-border, interregional or supranational initiatives (e.g. EGTCs) and the development of macroregional strategies to be the basic instruments which will allow the Territorial Agenda to be implemented better. Therefore welcomes the plan by the trio of presidencies to analyse the needs in terms of legal provisions for creating integrated cross-border areas and the setting-up of a Council working party to monitor the progress of macro-regional strategies. Notes that the involvement of sub-national bodies in establishing and managing these instruments, and in the working party, should continue to be a key element for achieving their objectives;

38. considers that it is necessary to promote polycentric growth that is geographically balanced between the various regions, inter alia through decisive actions to eliminate the digital divide, cooperation in the areas of energy, climate and the environment, research and innovation and the accessibility and attractiveness of regions, and a sustainable transport policy underpinned by a strategy adapted for specific regional features;

39. highlights the role of transport infrastructure as an instrument of territorial cohesion. Geographically and demographically challenged regions require particular attention in this respect (11). In this context, the Committee points out the possibility of using European Groupings of Territorial Cooperation as a tool for supporting cross-border links, including those with third countries and financial instruments such as the Connecting Europe Facility;

40. calls on the Commission to continue and to step up its efforts to complete the TEN-T core network, particularly in terms of removing bottlenecks and facilitating cross-border connections, and to strengthen the involvement of local and regional authorities in the corridor platforms;

41. emphasises, as pointed out in the Sixth Cohesion Report, that the guidelines for developing the Trans-European Transport Network established the goal of developing a genuine multimodal network at EU level, including rail links, by creating new infrastructure, and upgrading existing infrastructure. In this context, the Committee considers it necessary to have sustainable, competitive, energy-efficient and more environmentally friendly means of transport, to encourage intermodality, to make complementary use of different modes of transport and to carry out infrastructure projects in less developed regions, cross-border regions, regions which have to contend with physical barriers to access to the internal market and those which are experiencing territorial cohesion problems;

**Territorial Agenda and the Europe 2020 Strategy**

42. notes that the importance of the territorial approach to implementing the Europe 2020 strategy is confirmed in the Territorial Agenda of the EU 2020. Advantage should be taken of the opportunity of the revision of the Strategy to include a stronger territorial dimension. Thus the EU objectives defined in the Europe 2020 strategy can only be achieved if the territorial dimension of the strategy is taken into account, as the development opportunities of the different regions vary (12);

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(10) ‘Polycentric Territorial Development at EU, national and regional level’ — round-table discussion at the COTER meeting in Fabriano, 10 July 2014.
(11) For specific recommendations, see Committee of the Regions opinion on Mobility in geographically and demographically challenged regions (CdR 1691/2014).
43. calls again for a white paper on territorial cohesion based on an analysis of interdependencies between the Territorial Agenda of the European Union 2020 and the Europe 2020 strategy to counteract the growing disparities between territories in the EU (13);

44. recommends that EU cohesion policy, with its objectives of economic, social and territorial cohesion, should continue to make a significant contribution to achieving the goals of the Europe 2020 strategy in future. By strengthening the links between targets for growth and convergence, cohesion policy can help to reduce disparities within the European Union with a view to achieving the strategy’s key targets, and thus to increase prosperity throughout Europe. This potential needs to be systematically exploited using the partnership-based approach to cohesion policy within the framework of a strategy based on the specific features of a region, undertaking specific activities geared to local conditions and opportunities;

45. therefore supports the idea of proposing a Code of Conduct on Europe 2020 (14) based on the European Code of Conduct on Partnership which will ensure that local and regional authorities and other relevant stakeholders are involved in the planning and implementation of long-term strategic documents that affect territorial development;

**Vision for Europe**

46. highlights the actions undertaken by ESPON with the aim of drawing up a set of indices and indicators relating to European territorial development which could be used to support decision-makers in terms of measuring and monitoring territorial cohesion; expressly calls for the formulation of indicators that reflect how territorial and demographic challenges (such as population dispersal, low density, depopulation and an ageing population) affect smart, sustainable and inclusive growth;

47. believes that it is urgent to develop comparable statistical data on local and sub-local areas as well as translate the existing OECD and Commission urban-rural classification into Eurostat categories that can, drawing from reliable information from the ground, assist both EU policymaking and evaluation;

48. considers that building an open and polycentric Europe is the most cohesive territorial strategy that supports economic growth and competitiveness, social cohesion and the targets relating to sustainable development promoted by the Europe 2020 strategy and the Territorial Agenda 2020 for the coming decades (15). The Committee expresses support for a strategy which combines development and cohesion and creates places that are pleasant to live in;

49. acknowledges the need for joint strategic planning of the European territory based on an overall vision of future development to support the better coordination of European regional development policies (16).

Brussels, 17 April 2015

*The President of the European Committee of the Regions*

Markku MARKKULA

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(13) CoR 2014/2333.
(14) Blueprint for a revised Europe 2020 Strategy.
Opinion of the European Committee of the Regions — Resource efficiency opportunities in the building sector

(2015/C 195/06)

Rapporteur: Csaba Borboly, President of Harghita County Council (RO/EPP)

Reference document: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the European Committee of the Regions on Resource efficiency opportunities in the building sector, COM(2014) 445 final

1. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

1. fully supports the European Commission’s efforts to develop common objectives and indicators as a basis for common European standards for resource efficiency in the building sector in order to increase policy coordination and coherence. Local and regional authorities are key partners in promoting greater resource efficiency, given the contribution this makes to sustainable development through its positive impact on the environment, the climate, the economy and society. Similarly, by using instruments such as green public procurement, these bodies can boost the market for goods manufactured from construction and demolition waste;

2. is therefore concerned that the Commission communication overlooks the role of local and regional authorities, despite the fact that the Committee has drawn attention to this aspect in previous opinions on similar subjects. Stresses the central role of local and regional authorities as investors, not least in the building sector, but also as far as public procurement, the implementation of EU and national legislation on buildings, the support for local business and innovation, and the information of investors and the public at large are concerned. For this reason, the Committee asks the Commission to analyse ways and means in which the Committee and local and regional authorities can be involved in the consultations which are to follow from the present communication;

3. points out that in the broad and complex policy area of sustainable buildings, initiatives must be based on a holistic approach which takes account of all aspects related to the needs and concerns of individuals, communities and institutions that will use them. Local circumstances and benefits to the local economy should be considered as important aspects of sustainability, for instance respecting the key principle of free movement by promoting the use of local building materials which are often considered most efficient and can have a positive impact on the local economy;

A. Fundamental problems

4. considers unacceptable that recyclable construction and demolition waste (CDW) of tertiary buildings is often put into landfills without prior assessment of the economic viability of its collection and recycling. The CoR considers that priority should be given to close the recycling loop for instance by setting individual targets on specific types of waste, mandatory provisions for auditing, dismantling and sorting the CDW, before demolition or renovation of tertiary buildings, as is already the case in some regional and local laws;

5. considers that the ‘greening’ (more environment-friendly operation) of the building sector requires public authorities to provide a framework for clients, contractors and developers in the construction sector for a transition towards more environmentally friendly practices, because the construction phase is crucial for the environmental performance of any building throughout its life cycle. Such a transition would not happen as rapidly as supposed in the absence of common EU indicators and standards, but also when there is no economically viable business models for selection of greener and more resource efficient building techniques and materials compared to the current situation;
6. considers it necessary to clarify that demolition waste may come from either complete demolition of a building or from renovation, and it therefore needs to be specified that the concept of demolition includes partial demolition in the course of renovation. In most regions, overall waste produced in the course of renovation exceeds the total waste generated by the complete demolition of buildings;

7. commends the Commission on its intention to stimulate the market in recycling construction and demolition waste by stepping up support for research and demonstration projects. Such projects, also within the Horizon 2020 framework programme and carried out in close cooperation with the Member States, should aim to develop solutions on how to make recycling more attractive economically; In addition, the CoR is in favour of introducing measures to support the market uptake of secondary materials produced from CDW;

B. Local and regional authorities supporting resource efficiency policy

8. considers that, for local and regional authorities across the EU, the priority is to move forward in the efforts to develop common indicators which are a pre-requisite to the development of common objectives and standards in greening the construction sector. It is in the interests of local and regional authorities to draw attention to the major environmental and economic challenges involved in improving resource efficiency in the construction sector;

9. underlines in this context that local and regional authorities already play a significant role in promoting sustainable buildings at low or no costs through local or regional building codes. Best practices resulting from the implementation of these codes, such as minimum requirements on daylight levels, energy efficiency or construction materials, could significantly contribute to promote genuine sustainable buildings in Europe and should therefore be promoted;

10. points out that local and regional authorities play a key role in reducing the environmental impact, of buildings, as within their scope of responsibility they develop appropriate measures and implement strategies in support of resource efficiency, by carefully assessing local features and aspects;

11. calls on local and regional authorities to make use of spatial planning and town planning tools and practices when formulating sustainable buildings policy. Renewable energy, energy efficiency, waste management and operation and maintenance issues should also be taken into account;

12. in this context, calls on local and regional authorities to adopt a holistic approach throughout the entire building lifecycle including the construction products, the design and construction of a building, its maintenance and renovation, in order to promote a more efficient use of materials, energy and water consumption as well as better waste management;

13. considers that the efforts made to date by the EU's local and regional authorities are extremely important, with outstanding examples being the Emilia Romagna region's energy efficiency strategy and the autonomous province of Bolzano's climate plan entitled 'Energy — Alto Adige 2050', programmes identifying new technologies and approaches based on the traditional local architecture of Harghita county, and the innovative activities of the city of Rakvere in Estonia and of the community of Anavra, Almyros municipality, Magnisia, Greece. These and similar initiatives lead the way in resource efficiency and the sustainable construction industry;

14. notes that industrial activity linked to construction materials from the green construction industry and demolition would create many jobs. Developing regional and local action plans on these issues, together with appropriate use of human resources, would contribute substantially to achieving resource efficiency targets;
15. believes that, an initiative like the Covenant of Mayors could be useful to address also the challenge of resource efficiency. The Committee firmly believes that the appropriate ways to do so should be explored once the EUs resource efficiency targets have been approved;

16. also draws attention to the fact that resource use is determined in large part by design-related decisions and choices over construction materials. Therefore, as noted by the Commission, in order to bring resource efficiency gains, engineers, designers, manufacturers, contractors, authorities and end users need usable and reliable information, so that their decision-making is based on the criterion of sustainable design. Accordingly, and given that local and regional authorities are the licensing bodies closest to all stakeholders, it is up to these authorities to develop specific information sessions to raise awareness, as well as policies and mechanisms for supporting and encouraging the use of these resources, by means of financing lines from the European funds for this purpose. These policies should be part of a common European approach for assessing buildings’ environmental performance, which should cover all the key indicators defined;

17. calls on the Commission to actively involve the local and regional level in developing a framework with core indicators to assess the environmental performance of buildings throughout their lifecycle. The local and regional level should be consulted on and given the opportunity to contribute to these indicators throughout the whole development process;

18. draws attention to the fact that local and regional authorities play an important role both as the political level which carries out financial investments in sustainable buildings and as owners of public buildings, public housing and utility networks;

19. reiterates its opposition to the system of macro-economic conditionality whereby if a Member State fails to meet its obligations under EU law (for instance concerning the waste or energy efficiency targets) it allows for punishment of the Member State by withholding the ESIF funding in part or in full. This system risks penalising local and regional authorities with no regard to the extent to which they have contributed to the policy targets;

20. calls on local and regional authorities to step up cooperation on green public procurement, thereby helping the local and regional level to meet the EU’s ambitious targets for sustainable buildings;

C. Definitions, indicators, R&D

21. recalls that the construction industry is a tool, and buildings can have both positive and negative impacts within a particular town planning, architectural, social, economic and environmental context. Particular importance therefore must be attached to the problem of sustainability in this complex set of interrelations;

22. points out that the technical and performance characteristics of certain construction materials change rapidly after manufacture, and this process continues in some cases even once the materials are in place. It is therefore important to analyse whether, and under which conditions these materials after demolition are suitable for reuse and whether it may be necessary to introduce a separate certification system for such materials;

23. nonetheless, highlights the need for research into the upkeep and maintenance of buildings and associated facilities as this could provide opportunities to extend their lifecycle. More specifically, awarding contracts to Energy Service Companies in the field of energy supply and improving and maintaining installations should be encouraged;

24. stresses that re-purposing construction materials from demolition sites, for example for building roads, should be treated as a key research area as many construction materials contain harmful, hazardous or contaminating components and appropriate answers have not yet been found as regards gauging, and where necessary reducing, the inherent risks to the environment and human health;
25. considers that rediscovering traditional construction technologies and materials can be a great opportunity for the European construction sector: they are often models of the way in which local resources can be used for efficient solutions geared to local conditions, without these leading to — in accordance with land use — the opening of new quarries, where not added in a consistent context;

26. points out that analysis is needed of whether renovating existing buildings is an appropriate solution in every case: existing buildings in many regions of Europe, including commercial, residential and public buildings, can be renovated to provide a suitable degree of comfort only after substantial investment. These situations draw attention to the fact that, while renovating existing buildings is always more resource efficient in terms of the individual building than demolishing them or building new ones, the aesthetic, architectural and social value of a new building is much greater in some cases — especially from a user's perspective. Therefore, in order to ascertain whether renovating existing buildings is an appropriate solution, alongside the purely technical aspects, consideration must also be given to the architectural, social, economic and environmental aspects as well as the user's perspective;

27. also notes the huge potential for creating jobs in the field of sustainable construction, particularly in an economic sector like this, that has been so hard hit by the crisis. With support and appropriate training in new methods of environmentally sustainable construction, many unemployed people in the sector could be reintegrated into the labour market;

28. recommends that when the common criteria are being developed for assessing the environmental sustainability of buildings (as core indicators), renewable raw materials — preferably local or indigenous materials subject to traceability mechanisms — also be explicitly taken into account. It would reiterate that the use of renewable raw materials can significantly contribute to resource conservation in construction: the use of resources in this area is not limited to just construction (e.g. timber construction) and insulation, but also extends to finishings (on floors, walls and surfaces) etc. This applies in particular to the ‘cascade use’ of renewable raw materials, i.e. multiple use at several levels. Likewise, renewable raw materials can replace fossil fuels for heating buildings and thus reduce the impact on the environment;

29. would point out that as regards construction, the Commission document does not mention the use of renewable energy, although such energy clearly contributes to a building’s sustainability. Solar thermal, photovoltaic and wind power systems integrated into buildings, and the use of biomass to heat buildings or service water, would greatly reduce the environmental impact throughout the lifecycle, particularly as regards CO₂ emissions. Mention should also be made of other technologies, such as geothermal energy, the potential for centralised generation, efficient district heating and cooling infrastructure, renewable energy sources, waste heat or high-efficiency cogeneration. An accurate analysis must take account of the materials and energy used to generate electrical units and energy;

30. considers that clarification and common definitions are needed as quickly as possible at EU level for terms which are often used interchangeably: passive building, environmentally friendly building, sustainable building, low energy building and zero carbon building. Progress through appropriate R&D initiatives and consultations is needed urgently as these definitions will form basis for common standards and policy measures in this field in the future;

31. emphasises that alongside the reuse of metals and glass, which is covered in detail in the communication, the research highlights promising data regarding concrete and wood. As construction materials, concrete and wood are suitable for reuse, easily sorted and simple to recycle and/or use. Local and regional analyses regarding the reuse of these materials should therefore have priority;

32. considers that with regard to the use of wood and other natural construction materials, it must be borne in mind that growing needs in the construction industry will lead to direct or indirect changes in land use and ecosystems. It is important that this industry does not repeat past mistakes as regards the production of biomass for energy. Changes in land use and ecosystems must be analysed in detail and taken into account when developing common objectives and indicators for resource efficiency in the building sector;
proposes that university curricula for engineers, architects and economists alongside resource efficiency procedures, should also include practices to reduce additional use of materials and waste generation as a result of design plan changes; 

considers that with regard to resource efficiency and specifically in the case of recycling construction and demolition waste, the costs and impact of sorting and transport must also be taken into account. Fully standardised analysis procedures are therefore necessary, and policy and R&D processes must also integrate the comparison of options factoring in transport and on site or local recycling capacity;

D. Governance, partnership, knowledge transfer

is pleased that the Commission communication emphasises that disseminating best practice plays an important role in these measures. In this respect, cooperation projects between groups of regions with similar features must have priority. In this field, it is not feasible to have one standard practice or universal approach: local and regional actors must learn from one another which are the most suitable solutions, and pooling local knowledge from different regions could provide added value;

points out that many local and regional authorities have observed that the Member States view instruments established by energy efficiency rules merely formally, as a system alien to the design culture of their regions or countries. The Committee therefore suggests drawing up some form of interim report on the state of implementation of energy efficiency directive without creating new reporting obligations for local and regional authorities, but involving them on a voluntary basis in the formulation of the report;

points out that some regions do not have appropriate knowledge and skills, and so the technology gap — when more developed regions pull ahead — may increase, particularly in less developed regions. With a view to solving this problem, these regions must be supported by cooperation mechanisms focusing on difficulties related to the transfer of knowledge. Consideration must be given to the possibility of maximising the transfer of knowledge regarding design and construction to regions with insufficient skills;

E. Compensation mechanism

considers that political leaders should be aware that any radical change in the construction sector will require political will and strong leadership by the upper levels of local and regional administration. They cannot disregard the fact that local and regional operational budgets are limited and offer scant room for investing in improvements to buildings, even if such investments offer an excellent return and are quickly amortised;

points out not only environmental but also economic and social benefits of sustainable buildings as compared to the costs of construction and maintenance, and emphasises that, according to the results of the market analysis to which the Commission refers, the cost of investing in green construction is only a few percent higher than in traditional construction;

considers that special attention must be given to the specific problems of rural regions and small and medium-sized towns. Their defining features need to be recognised in the definition of standards, targets and other implementation measures to prevent them being disproportionately affected or to allow them to be compensated where necessary. Consequently, the Smart Cities research priority area in Horizon 2020 should instead be called Smart Cities and Regions, and complemented by a new priority area entitled Smart Rural Regions and Towns.

Brussels, 17 April 2015.

The President
of the European Committee of the Regions
Markku MARKKULA
III
(Preparatory acts)

COMMITTEE OF THE REGIONS

111TH PLENARY SESSION, 16—17 APRIL 2015

Opinion of the European Committee of the Regions — Investment Plan and European Fund for Strategic Investments

(2015/C 195/07)

Rapporteur-general: Claude Gewerc (FR/PES), president of Picardy Regional Council

Reference documents:
Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank — An Investment Plan for Europe

COM(2014) 903 final


COM(2015) 10 final

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1
Recital 1

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
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<tbody>
<tr>
<td>(1) The economic and financial crisis has led to a lowering of the level of investments within the Union. Investment has fallen by approximately 15% since its peak in 2007. The Union suffers in particular from a lack of investment as a consequence of market uncertainty regarding the economic future and the fiscal constraints on Member States. This lack of investment slows economic recovery and negatively affects job creation, long-term growth prospects and competitiveness.</td>
<td>(1) The economic and financial crisis has led to a lowering of the level of investments within the Union. Investment has fallen by approximately 15% since its peak in 2007, affecting all European regions. The Union suffers in particular from a lack of investment as a consequence of market uncertainty regarding the economic future and the fiscal constraints on Member States. This lack of investment slows economic recovery and negatively affects job creation, long-term growth prospects and competitiveness. It therefore prevents the realisation of the EU2020 objectives for smart, sustainable and inclusive growth.</td>
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12.6.2015
EN
Official Journal of the European Union C 195/41
## Amendment 2
### Recital 2

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<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
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<tr>
<td>(2) Comprehensive action is required to reverse the vicious circle created by a lack of investment. Structural reforms and fiscal responsibility are necessary preconditions for stimulating investment. Along with a renewed impetus towards investment financing, these preconditions can contribute to establishing a virtuous circle, where investment projects help support employment and demand and lead to a sustained increase in growth potential.</td>
<td>(2) Comprehensive action is required to reverse the vicious circle created by a lack of investment. Structural reforms geared to combining sustainable growth, fiscal responsibility and more effective public action are necessary preconditions for stimulating long-term investment. Along with a renewed impetus towards investment financing, these preconditions can contribute to establishing a virtuous circle, where investment projects support employment and demand and lead to a sustained increase in growth potential.</td>
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## Amendment 3
### Recital 8

<table>
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<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
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<tr>
<td>(8) The EFSI is part of a comprehensive approach to address uncertainty surrounding public and private investments. The strategy has three pillars: mobilising finance for investment, making investment reach the real economy and improving the investment environment in the Union.</td>
<td>(8) The EFSI is part of a comprehensive approach to address uncertainty surrounding public and private investments. The strategy has three pillars: mobilising finance for investment, making investment reach the real economy and improving the investment environment in the Union. The strategy should be complementary to the objective of economic, social and territorial cohesion across the Union.</td>
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## Amendment 4
### Recital 10

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<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
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<tr>
<td>(10) The purpose of the EFSI should be to help resolve the difficulties in financing and implementing productive investments in the Union and to ensure increased access to financing. It is intended that increased access to financing should be of particular benefit to small and medium enterprises. It is also appropriate to extend the benefit of such increased access to financing to mid-cap companies, which are companies having up to 3 000 employees. Overcoming Europe’s current investment difficulties should contribute to strengthening the Union’s economic, social and territorial cohesion.</td>
<td>(10) The purpose of the EFSI should be to help resolve the difficulties in financing and implementing productive and strategic investments in the Union of economic and societal importance and to ensure increased access to financing. It is intended that increased access to financing should be of particular benefit to small and medium enterprises. It is also appropriate to extend the benefit of such increased access to financing to mid-cap companies, which are companies having up to 3 000 employees. In order to maximise access for SMEs and mid-cap companies to the proposed investments we need to avoid complexity and keep it simple.</td>
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### Amendment 5

**Recital 11**

<table>
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<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
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<tr>
<td>(11) The EFSI should support strategic investments with high economic value added contributing to achieving Union policy objectives.</td>
<td>(11) The EFSI should support both large- and smaller-scale strategic investment contributing to achieving the European Union’s economic, social and territorial objectives under the Europe 2020 strategy for smart, sustainable and inclusive growth. The EFSI should complement the existing EU programmes, especially the European Structural and Investment Funds, and promote or accelerate higher risk projects capable of improving the overall efficacy of the Union economy and unleashing a momentum of added value creation for the European Union. The EFSI should pay special attention to more isolated and less developed regions so as not to further increase the investment gap as well as to encourage transnational cross-border investments. It should also give a greater say to local and regional authorities and focus on increasing their innovation capacity.</td>
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### Amendment 6

**Recital 14**

<table>
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<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
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<tr>
<td>(14) The EFSI should target projects delivering high societal and economic value. In particular, the EFSI should target projects that promote job creation, long-term growth and competitiveness. The EFSI should support a wide range of financial products, including equity, debt or guarantees, to best accommodate the needs of the individual project. This wide range of products should allow the EFSI to adapt to market needs whilst encouraging private investment in the projects. The EFSI should not be a substitute for private market finance but should instead catalyse private finance by addressing market failures so as to ensure the most effective and strategic use of public money. The requirement for consistency with State aid principles should contribute to such effective and strategic use.</td>
<td>(14) The EFSI should target projects delivering high societal and economic value added. In particular, the EFSI should target projects that promote job creation, long-term sustainable growth, innovation and competitiveness. A clear set of project selection criteria as well as procedures for the follow-up phase should be set up. The EFSI should support a wide range of financial products, including loans, equity, debt or guarantees, to best accommodate the needs of the individual project. This wide range of products should allow the EFSI to adapt to market needs whilst encouraging private investment in the projects. The EFSI should not be a substitute for private market finance but should instead catalyse private finance by addressing market failures so as to ensure the most effective and strategic use of public money and as a means of further strengthening the Union’s economic, social and territorial cohesion. The requirement for consistency with State aid principles should contribute to such effective and strategic use.</td>
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### Amendment 7

**Recital 15**

<table>
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<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
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<tr>
<td>(15) The EFSI should target projects with a higher risk-return profile than existing EIB and Union instruments to ensure additionality over existing operations. The EFSI should finance projects across the Union, including in the countries most affected by the financial crisis. The EFSI should only be used where financing is not available from other sources on reasonable terms.</td>
<td>(15) The EFSI should target projects with a higher risk-return profile than existing EIB and Union instruments to ensure additionality over existing operations. The EFSI should finance projects across the Union, including in the countries most affected by the financial crisis. The EFSI should only be used where financing is not available from other sources. The higher risk must be justified by the impact of the investment on job levels, the economies of territories, particularly those affected by economic change, the consequences for global trends in investment, innovation and the environment. These criteria will have to be adjusted when applications are being examined in order to promote a balanced distribution between sectors and geographical areas.</td>
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**Reason**

This is a condition for the additionality of investments under the Investment Plan.

### Amendment 8

**Recital 16**

<table>
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<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
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<tr>
<td>(16) The EFSI should target investments that are expected to be economically and technically viable, which may entail a degree of appropriate risk, whilst still meeting the particular requirements for EFSI financing.</td>
<td>(16) The EFSI should target investments that are expected to be economically and technically viable, which may entail a degree of appropriate risk which would be excessive for private investors without EFSI support, whilst still meeting the particular requirements for EFSI financing.</td>
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**Reason**

This is a condition for the additionality of investments under the Investment Plan.

### Amendment 9

**Recital 20 a (new)**

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<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
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<tr>
<td>(20a) The Member States may, if the relevant conditions are met, use other funding instruments and the European Structural and Investment Funds (ESIF) to contribute to the financing of eligible projects that are supported by the EU guarantee, in accordance with the objectives, guarantees and rules of the legal framework that applies to these Funds. The flexibility of this approach should maximise synergies between EU instruments and the potential to attract investors to the areas of investment targeted by the EFSI. The ESIF and EFSI should be complementary, and crowding out should be avoided as far as possible.</td>
<td>(20a) The Member States may, if the relevant conditions are met, use other funding instruments and the European Structural and Investment Funds (ESIF) to contribute to the financing of eligible projects that are supported by the EU guarantee, in accordance with the objectives, guarantees and rules of the legal framework that applies to these Funds. The flexibility of this approach should maximise synergies between EU instruments and the potential to attract investors to the areas of investment targeted by the EFSI. The ESIF and EFSI should be complementary, and crowding out should be avoided as far as possible.</td>
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Reason
This is a way to reinforce consistency between the EFSI and the Structural Funds and avoid the danger of crowding out.

Amendment 10
Recital 20 b (new)

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<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
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<td>(20b) In particular, the EFSI could support investment platforms at the territorial level, which would guarantee coherent and integrated development strategies at regional level by playing the role of regional hubs capable of mobilising all available resources.</td>
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Reason
Self-explanatory.

Amendment 11
Recital 21

<table>
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<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
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<tr>
<td>(21) Provided that all relevant eligibility criteria are fulfilled, Member States may use European Structural Investment Funds to contribute to the financing of eligible projects that are supported by the EU guarantee. The flexibility of this approach should maximise synergies between EU instruments and the potential to attract investors to the areas of investment targeted by the EFSI.</td>
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Reason
Redundant with legislative amendment 9.

Amendment 12
Recital 22

<table>
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<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
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<tr>
<td>(22) In accordance with the Treaty on the Functioning of the European Union, Infrastructure and project investments supported under EFSI should be consistent with State aid rules. To that end, the Commission has announced that it will formulate a set of core principles, for the purpose of State aid assessments, which a project will have to meet to be eligible for support under the EFSI. If a project meets these criteria and receives support from the EFSI, the Commission has announced that any national complementary support will be assessed under a simplified and accelerated State aid assessment whereby the only additional issue to be verified by the Commission will be the proportionality of public support (absence of overcompensation). The Commission has also announced that it will provide further guidance on the set of core principles with a view to ensuring an efficient use of public funds.</td>
<td>(22) In accordance with the Treaty on the Functioning of the European Union, Infrastructure and project investments supported under EFSI should be consistent with State aid rules. To that end, the Commission has announced that it will formulate a set of core principles, for the purpose of State aid assessments, which a project will have to meet to be eligible for support under the EFSI. If a project meets these criteria and receives support from the EFSI, the Commission has announced that any national complementary support will be assessed under a simplified and accelerated State aid assessment whereby the only additional issue to be verified by the Commission will be the proportionality of public support (absence of overcompensation). The Commission has also announced that it will provide further guidance on the set of core principles with a view to ensuring an efficient use of public funds. On this basis, the Commission should undertake</td>
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**Amendment 13**

Recital 25

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<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
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<tr>
<td>(25) The EIB should regularly evaluate activities supported by the EFSI with a view to assessing their relevance, performance and impact and to identifying aspects that could improve future activities. Such evaluations should contribute to accountability and analysis of sustainability.</td>
<td>(25) The EIB and the Commission should regularly evaluate activities supported by the EFSI with a view to assessing their relevance, performance and impact as well as their consistency and coordination with other Union policies and instruments, and in particular with the support from the European Structural and Investment Funds, and to identifying aspects that could improve future activities. Such evaluations should contribute to accountability and analysis of sustainability.</td>
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**Reason**

It is important to prevent disparities in the treatment of infrastructure investment projects supported by the EFSI and those co-financed by Member States/regions so as to ensure the same approval timeframes and procedures, since the State aid rules cannot be applied unconditionally.

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**Amendment 14**

Recital 25a (new)

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(25a) The Advisory Committee monitors the financing policy of the EFSI, which submits a six-monthly summary of its activities to it. The Advisory Committee issues an opinion and draws up recommendations on eligibility criteria, theme-based and geographical distribution of investments and their additionality, as well as on their social and environmental impact. It is composed of equal numbers of representatives of the CoR and the European Economic and Social Committee (EESC).</td>
<td></td>
</tr>
</tbody>
</table>

**Reason**

The economic and social partners and local and regional authorities are best placed to gauge the real impact of the investments undertaken.

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**Amendment 15**

Recital 26

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(26) Alongside the financing operations that will be conducted through the EFSI, a European Investment Advisory Hub (EIAH) should be created. The EIAH should provide strengthened support for project development and preparation across the Union, by building on the expertise of the Commission,</td>
<td>(26) Alongside the financing operations that will be conducted through the EFSI, a European Investment Advisory Hub (EIAH) should be created. The EIAH should provide strengthened support for project development and preparation across the Union, by building on the expertise of the Commission,</td>
</tr>
</tbody>
</table>
The EIB, national promotional banks and the managing authorities of the European Structural and Investment Funds. This should establish a single point of entry for questions related to technical assistance for investments within the Union.

The EIAH should enable Member States and regions across the Union to benefit from free expertise so as to ensure fair access to EFSI financing. The regions could propose targeted initiatives to the EIAH to coordinate the technical assistance at regional or supra-regional level and thus optimise the available funds.

Amendment 16
Recital 29

The contribution from the Union budget will be progressively authorised by the European Parliament and the Council in the framework of the annual budgetary procedures up to 2020. In particular, appropriations from the EU budget that are unspent at the end of the budgetary year should be systematically transferred to the guarantee fund. For this purpose, the budgetary authority should make use, where appropriate, of all available flexibility mechanisms and other relevant provisions under Council Regulation (EU, Euratom) No 1311/2013.

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(29) To partially finance the contribution from the Union budget, the available envelopes of the Horizon 2020 — the Framework Programme for Research and Innovation 2014-2020, provided by Regulation (EU) No 1291/2013 of the European Parliament and of the Council (¹), and the Connecting Europe Facility, provided by Regulation (EU) No 1316/2013 of the European Parliament and of the Council (²), should be reduced. Those programmes serve purposes that are not replicated by the EFSI. However, the reduction of both programmes to finance the guarantee fund is expected to ensure a greater investment in certain areas of their respective mandates than is possible through the existing programmes. The EFSI should be able to leverage the EU guarantee to multiply the financial effect within those areas of research, development and innovation and transport, telecommunications and energy infrastructure compared to if the resources had been spent via grants within the planned Horizon 2020 and Connecting Europe Facility programmes. It is, therefore, appropriate to redirect part of the funding presently envisaged for those programmes to the benefit of EFSI.


Amendment 17
Recital 29a (new)

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
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</thead>
<tbody>
<tr>
<td>(29a) The budgets for the Horizon 2020 programme and Connecting Europe Facility should be reduced only after all options for flexibility under the European budget have been exhausted.</td>
<td></td>
</tr>
<tr>
<td>Should cuts in the budget for Horizon 2020 prove to be unavoidable, they should be designed to ensure that they do not jeopardise the full implementation of Horizon 2020 or undermine the particular importance of basic research. In this case, the 'access to risk finance' component should make a clear contribution to the financing of the EFSI. Where it is impossible to avoid using Horizon 2020 resources in connection with the fund, they should be used for their original purpose, and there should be opportunities for universities and research institutions to participate.</td>
<td></td>
</tr>
<tr>
<td>Reducing the budget for the Connecting Europe Facility will in no way affect the amount transferred from the Cohesion Fund and earmarked for transport projects in the Member States eligible for this fund.</td>
<td></td>
</tr>
</tbody>
</table>

Reason
Research and innovation projects financed by Horizon 2020 are already making direct and significant contributions to European innovation and competitiveness; this well established programme should therefore not be undermined. Where it is unavoidable for the EFSI to encroach on Horizon 2020, the criteria must ensure that the EFSI strengthens Europe’s potential for innovation.

Amendment 18
Recital 31

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(31) Within the Union, there are a significant number of potentially viable projects that are not being financed due to a lack of certainty and transparency with respect to such projects. Often, this is because private investors are not aware of the projects or have insufficient information to make an assessment of the investment risks. The Commission and the EIB, with support from the Member States, should promote the creation of a transparent pipeline of current and future investment projects in the Union suitable for investment. This ‘project pipeline’ should ensure that information is made publicly available regarding investment projects on a regular and structured basis to ensure that investors have reliable information on which to base their investment decisions.</td>
<td></td>
</tr>
<tr>
<td>(31) Within the Union, there are a significant number of potentially viable projects that are not being financed due to a lack of certainty and transparency with respect to such projects. Often, this is because private investors are not aware of the projects or have insufficient information to make an assessment of the investment risks. The Commission and the EIB, with support from the Member States and their local and regional authorities, should promote the creation of a transparent pipeline of current and future investment projects in the Union suitable for investment. This ‘project pipeline’ should ensure that information is made publicly available regarding investment projects on a regular and structured basis to ensure that investors have reliable information on which to base their investment decisions.</td>
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</tbody>
</table>
Amendment 19

Recital 31a (new)

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(31a) If projects are to be included in the project pipeline for visibility reasons, it will be necessary to provide, in addition to information on the economic viability of the projects, information on compliance with social and environmental requirements and compatibility with the aims of the regional development strategies. A six-monthly summary report will be sent to the Advisory Committee.</td>
<td></td>
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</table>

Amendment 20

Recital 32

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
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</thead>
<tbody>
<tr>
<td>(32) Member States have also begun work at national level on establishing and promoting project pipelines for projects of national significance. The information prepared by the Commission and the EIB should provide links to the accompanying national project pipelines.</td>
<td>(32) Member States have also begun work at national level on establishing and promoting project pipelines for projects of national, regional and local significance. This work has also been undertaken for cross-border projects involving cooperation between different Member States. Furthermore these Member States shall work together with local and regional authorities in line with the subsidiarity principle. The information prepared by the Commission and the EIB should provide links to the accompanying national and cross-border project pipelines. Regional and local authorities including regional innovation platforms, regional development agencies and management authorities of the European Structural and Investment Funds are a crucial source of information on current and future investment opportunities.</td>
</tr>
</tbody>
</table>

Reason

It is crucial that both the regional and local level be involved in establishing project pipelines.

It is important to stress that Member States have begun coordinating with each other to present large-scale cross-border projects in the context of the EFSI.

Amendment 21

Recital 34

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(34) To ensure accountability to European citizens, the EIB should regularly report to the European Parliament and the Council on the progress and impact of the EFSI.</td>
<td>(34) To ensure accountability to European citizens, the Commission and the EIB should regularly report to the European Committee of the Regions, the European Parliament and the Council on the progress and impact of the EFSI and its complementarity with other EU policies and instruments.</td>
</tr>
</tbody>
</table>
**Reason**

Regional and local authorities are close to European citizens, which improves accountability.

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**Amendment 22**

*Article 1 — paragraph 1a (new)*

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a. The Commission and the European Investment Bank (EIB) shall ensure that the support granted by the EFSI is consistent with and complements the other policies and instruments of the EU.</td>
<td></td>
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</tbody>
</table>

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**Amendment 23**

*Article 1 — paragraph 2*

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
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</thead>
<tbody>
<tr>
<td>The EFSI Agreement shall be open to accession by Member States. Subject to the consent of existing contributors, the EFSI Agreement shall also be open to accession by other third parties, including national promotional banks or public agencies owned or controlled by Member States, and private sector entities.</td>
<td>The EFSI Agreement shall be open to accession by Member States. Subject to the consent of existing contributors, the EFSI Agreement shall also be open to accession by other third parties, including national promotional banks, regional development banks or public agencies owned or controlled by Member States or local and regional authorities, development agencies answering to regional authorities and private sector entities.</td>
</tr>
</tbody>
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**Reason**

There should be a possibility for regional and local access to the EFSI Agreement in the legislative proposal.

To involve the regions in managing these new instruments.

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**Amendment 24**

*Article 1a (new)*

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
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<tbody>
<tr>
<td>For the purposes of the present regulation, the following definition shall apply:</td>
<td></td>
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</tbody>
</table>

1. ‘National promotional banks or institutions’ means legal entities carrying out a financial activity on a professional basis and upon which are conferred a public mandate by a Member State, whether at central, regional or local level, to carry out public development or promotional activities on a non-commercial basis, seeking to address market failures; |
‘Investment platform’ shall be taken to mean a co-financing, risk sharing or other financial contribution mechanism established to finance a project or group of projects. An investment platform may be regional, national, cross-border or sectoral, whose aim is to ensure coherence with local and regional investment strategies and, if appropriate, the operational programmes of the European Structural and Investment Funds.

**Reason**

In order to generate genuine additionality of investments, it is important to harness networks of local or professional players to propose, accompany and co-finance projects, given that they are more aware of the opportunities and can thus more accurately appraise the risks involved. It is also important to be able to include smaller projects in each group provided they comply with a policy of investment validated by the fund.

**Amendment 25**

*Article 2 — paragraph 2 — point 2*

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>To meet that objective, the EIAH shall use the expertise of the EIB, the Commission, national promotional banks and the managing authorities of the European Structural and Investment Funds.</td>
<td>To meet that objective, the EIAH shall use the expertise of:  — the EIB;  — the Commission;  — national promotional banks;  — regional development banks and/or agencies;  — managing authorities of the European Structural and Investment Funds.  In particular, regions may request technical assistance from the EIAH as regards finalising operations at regional or supra-regional level.</td>
</tr>
</tbody>
</table>

**Reason**

Expertise at a regional level needs to be safeguarded in the EIAH.

Given that they have a clear overview of the investment needs in their own areas, it should be possible for the regions, either individually or in cooperation with each other, to directly trigger technical assistance so as to better optimise initiatives and related resources.

**Amendment 26**

*Article 3 — paragraph 5 — point 1a (new)*

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
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<tbody>
<tr>
<td>The Investment Committee shall take into account the objective of the economic, social and territorial cohesion of the EU.</td>
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</table>
Amendment 27
Article 4

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
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</thead>
<tbody>
<tr>
<td>EU Guarantee</td>
<td>EU Guarantee</td>
</tr>
<tr>
<td>The Union shall provide a guarantee to the EIB for financing or investment operations carried out within the Union covered by this Regulation ('EU guarantee'). The EU guarantee shall be granted as a guarantee on demand in respect of instruments referred to in Article 6.</td>
<td>The Union shall provide an irrevocable and unconditional guarantee for financing or investment operations carried out within the Union, including cross-border cooperation between Member States and a third country, covered by this Regulation ('EU guarantee'). The EU guarantee shall be granted as a guarantee on demand in respect of instruments referred to in Article 6.</td>
</tr>
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</table>

**Reason**
Self-explanatory.

Amendment 28
Article 5 — paragraph 2

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
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</thead>
<tbody>
<tr>
<td>2. The EU guarantee shall be granted for EIB financing and investment operations approved by the Investment Committee referred to in Article 3(5) or funding to the EIF in order to conduct EIB financing and investment operations in accordance with Article 7(2). The operations concerned shall be consistent with Union policies and support any of the following general objectives:</td>
<td>2. The EU guarantee shall be granted for EIB financing and investment operations approved by the Investment Committee referred to in Article 3(5) or funding to the EIF in order to conduct EIB financing and investment operations in accordance with Article 7(2). The EFSI shall target projects ensuring additionality over existing operations. The Commission, the EIB and the Member States shall ensure that all the investments with the support of the EFSI take into consideration their impact by sector at local and regional level on economic, social and territorial cohesion; the operations concerned shall be consistent with Union policies and support any of the following general objectives:</td>
</tr>
<tr>
<td>(a) development of infrastructure, including in the areas of transport, particularly in industrial centres; energy, in particular energy interconnections; and digital infrastructure;</td>
<td>(a) development of disaster-resilient infrastructure in the areas of transport; energy, in particular energy interconnections; and digital infrastructure;</td>
</tr>
<tr>
<td>(b) investment in education and training, health, research and development, information and communications technology and innovation;</td>
<td>(b) investment in education and training, health, research and development, digitisation of public services, digital applications and innovation;</td>
</tr>
<tr>
<td>(c) expansion of renewable energy and energy and resource efficiency;</td>
<td>(c) expansion of renewable energy and energy and resource efficiency;</td>
</tr>
<tr>
<td>(d) infrastructure projects in the environmental, natural resources, urban development and social fields;</td>
<td>(d) infrastructure projects in the environmental, natural resources, urban development and social fields;</td>
</tr>
</tbody>
</table>
(e) providing financial support for the companies referred to in Article 1(1), including working capital risk financing.

In addition, the EU guarantee shall be granted for support of dedicated investment platforms and national promotional banks, via the EIB, that invest in operations meeting the requirements of this Regulation. In that case, the Steering Board shall specify policies regarding eligible investment platforms.

**Amendment 29**

**Article 9 — paragraph 1**

The Commission and the EIB, with support from the Member States, shall promote the creation of a transparent pipeline of current and potential future investment projects in the Union. The pipeline is without prejudice to the final projects selected for support according to Article 3(5).

The Commission and the EIB, with support from the Member States **and in close cooperation and partnership with regional and local authorities**, shall promote the creation of a transparent pipeline of current and potential future investment projects in the Union **providing information on the projects’ economic viability and impact in terms of sustainable development and compliance with the aims of the regional development strategies**. The pipeline is without prejudice to the final projects selected for support according to Article 3(5).

**Amendment 30**

**Article 9 — paragraph 2**

The Commission and the EIB shall develop, update and disseminate, on a regular and structured basis, information on current and future investments which significantly contribute to achieving EU policy objectives.

The Commission and the EIB shall develop, update and disseminate, on a regular and structured basis, information on current and future investments which significantly contribute to achieving EU policy objectives of **economic, social and territorial cohesion**.

**Amendment 31**

**Article 9 — paragraph 3**

Member States shall develop, update and disseminate, on a regular and structured basis, information on current and future investment projects in their territory.

Member States **together with regional and local authorities** shall develop, update and disseminate, on a regular and structured basis, information on current and future investment projects in their territory.
Amendment 32
Article 10 — paragraph 1

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
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<tbody>
<tr>
<td>The EIB, in cooperation with the EIF as appropriate, shall report semi-annually to the Commission on EIB financing and investment operations under this Regulation. The report shall include an assessment of compliance with the requirements on the use of the EU guarantee and the key performance indicators established pursuant to Article 2(1) (g). The report shall also include statistical, financial and accounting data on each EIB financing and investment operation and <strong>on an aggregated basis</strong>.</td>
<td></td>
</tr>
<tr>
<td>The EIB, in cooperation with the EIF as appropriate, shall report semi-annually to the Commission on EIB financing and investment operations under this Regulation. The report shall include an assessment of compliance with the requirements on the use of the EU guarantee and the key performance indicators established pursuant to Article 2(1) (g). The report shall also include statistical, financial and accounting data on each EIB financing and investment operation and <strong>on their social and environmental impact</strong>. It shall list the projects for which European Structural and Investment Fund support is combined with EFSI support and the total contribution from each source. A summary of this report shall be sent to the Advisory Committee for its opinion (see Amendment 14).</td>
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Amendment 33
Article 10 — paragraph 6

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
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<tbody>
<tr>
<td>The Commission shall, by 30 June of each year, send to the European Parliament, the Council and the Court of Auditors an annual report on the situation of the guarantee fund and the management thereof in the previous calendar year.</td>
<td></td>
</tr>
<tr>
<td>The Commission shall, by 30 June of each year, send to the European Parliament, the Council, the European Committee of the Regions and the Court of Auditors an annual report on the situation of the guarantee fund and the management thereof in the previous calendar year. <strong>This report shall be made public.</strong></td>
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</tbody>
</table>

**Reason**

This amendment ensures better accountability towards European citizens by involving regional and local authorities.

Amendment 34
Article 12 — paragraph 1 — indent 1

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
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<tbody>
<tr>
<td>At the latest [PO insert date: 18 months after the entry into force of this Regulation] the EIB shall evaluate the functioning of the EFSI. The EIB shall submit its evaluation to the European Parliament, the Council and the Commission.</td>
<td></td>
</tr>
<tr>
<td>At the latest [PO insert date: 18 months after the entry into force of this Regulation] the EIB shall evaluate the functioning of the EFSI. The EIB shall submit its evaluation to the European Parliament, the Council, the Commission <strong>and the European Committee of the Regions.</strong></td>
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</tbody>
</table>

**Reason**

Local and regional authorities should be able to have access to an evaluation on the ESIF by the EIB.
### Amendment 35

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
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<tbody>
<tr>
<td>At the latest [PO insert date: 18 months after the entry into force of this Regulation] the Commission shall evaluate the use of the EU guarantee and the functioning of the guarantee fund, including the use of endowments according to Article 8(9). The Commission shall submit its evaluation to the European Parliament and the Council.</td>
<td>At the latest [PO insert date: 18 months after the entry into force of this Regulation] the Commission shall evaluate the use of the EU guarantee and the functioning of the guarantee fund, including the use of endowments according to Article 8(9). The Commission shall submit its evaluation to the European Parliament and the Council. In the context of the MFF midterm review appropriate proposals should be made in view of redirecting to the guarantee any available funding from programmes other than those that are covered by recitals 18 and 19 of this Regulation.</td>
</tr>
</tbody>
</table>

**Reason**
The Commission should explore different options for funding apart from the Connecting Europe Facility and Horizon 2020.

### Amendment 36

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>The EIB and EIF shall on a regular basis provide the European Parliament, the Council and the Commission with all their independent evaluation reports which assess the practical results achieved by the specific activities of the EIB and EIF under this Regulation.</td>
<td>The EIB and EIF shall on a regular basis provide the European Parliament, the Council, the Commission and the European Committee of the Regions with all their independent evaluation reports which assess the practical results achieved by the specific activities of the EIB and EIF under this Regulation.</td>
</tr>
</tbody>
</table>

**Reason**
Regional and local authorities should be able to have access to independent evaluation reports on EFSI.

### Amendment 37

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>CoR amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>At the latest [PO insert date three years after the entry into force of this Regulation], the Commission shall submit a report to the European Parliament and the Council on the application of this Regulation accompanied by any relevant proposal.</td>
<td>At the latest [PO insert date three years after the entry into force of this Regulation], the Commission shall submit a report to the European Parliament, the Council and the European Committee of the Regions on the application of this Regulation, including assessment of the value added of the EFSI and its additionality to existing EU funding instruments, accompanied by any relevant proposal.</td>
</tr>
</tbody>
</table>

**Reason**
Self-explanatory.
Regulation (EU) No 1291/2013 is hereby amended as follows:

1) In Article 6, paragraphs 1, 2 and 3 are replaced by the following:

‘1. The financial envelope for the implementation of Horizon 2020 is set at EUR 74 328,3 million in current prices, of which a maximum of EUR 71 966,9 million shall be allocated to activities under Title XIX TFEU.

The annual appropriations shall be authorised by the European Parliament and by the Council within the limits of the multiannual financial framework.

2. The amount for activities under Title XIX TFEU shall be distributed among the priorities set out in Article 5(2) of this Regulation as follows:

a) Excellent science, EUR 23 897,0 million in current prices;

b) Industrial leadership, EUR 16 430,5 million in current prices;

c) Societal challenges, EUR 28 560,7 million in current prices.

The maximum overall amount for the Union financial contribution from Horizon 2020 to the specific objectives set out in Article 5(3) and to the non-nuclear direct actions of the JRC shall be as follows:

i) Spreading excellence and widening participation, EUR 782,3 million in current prices;

ii) Science with and for society, EUR 443,8 million in current prices;

iii) Non-nuclear direct actions of the JRC, EUR 1 852,6 million in current prices.

The indicative breakdown for the priorities and specific objectives set out in Article 5(2) and (3) is set out in Annex II.

3. The EIT shall be financed through a maximum contribution from Horizon 2020 of EUR 2 361,4 million in current prices as set out in Annex II.’

2) Annex II is replaced by the text in Annex I to this Regulation.

Reason

This amendment is in line with point 4 of the draft opinion’s policy recommendations and amendment 75 of the draft report of the European Parliament’s Bullmann/Fernandes report.
II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

1. welcomes the Investment Plan for Europe and the EFSI regulation as proposed by the European Commission in order to boost investments in the Union;

2. points out that the European Fund for Strategic Investments is only one component of the Investment Plan; the project pipeline, the Investment Hub and structural reforms that have positive social and economic effects and help to improve administrative capacity are also necessary for the plan to succeed; therefore calls upon the Commission, in line with its communication of 13 January 2015 on *Making the best use of the flexibility within the existing rules of the stability and growth pact* COM(2015) 12, to specify the scope of the structural reforms it wishes to promote at European level while respecting the subsidiarity principle;

3. notes that the mechanism of the Investment Plan chiefly comprises a guarantee fund intended to finance riskier projects;

4. is concerned that the EUR 16 billion guarantee has been drawn from redeployed appropriations initially earmarked for the Connecting Europe Facility and Horizon 2020; the Committee draws the Commission’s attention to the disastrous repercussions for ongoing projects which are in fact in line with the EU’s priorities and points out that loans or guarantees are not adequate support for many basic research projects and research institutes with high international reputations;

5. therefore asks for the Investment Plan to draw primarily on unspent funds from the EU budget that would otherwise have to be returned to Member States. The budgets for Horizon 2020 and the Connecting Europe Facility should be reduced only after all options for flexibility under the European budget have been exhausted;

6. calls on the European Commission to explore in the context of the MFF midterm review the possibilities under the Union Budget for redirecting the available funding to the EU guarantee from programmes other than the Horizon 2020 and the CEF;

7. considers it important to guarantee the high quality of projects, and to ensure that local small-scale projects can also benefit from the EFSI; in that respect, technical assistance and advice for local authorities is crucial;

8. asks to be fully involved in monitoring and implementing the Investment Plan for Europe. Local and regional authorities have a key role to play in identifying, planning and supporting additional investments in their territories. With this in mind, it is crucial to ensure that the EFSI is consistent with local and regional investment strategies and the operational programmes of the European Structural and Investment Funds. The best method for involving local and regional authorities, Member States and national and/or regional development banks and institutions in the success of the EFSI is geographical or theme-based financing platforms. The degree of delegation and financing arrangements for these platforms need to be specified;

9. notes that the Investment Plan would need significant efforts to be made to overcome a number of challenges: ensuring that the fund is business-friendly in its design so as to attract private funds; ensuring that as the project pipeline develops, the Investment Plan’s European Fund for Strategic Investments (EFSI) is not seen as an EU subsidy for non-viable national projects; ensuring coordination between existing Funds such as Horizon 2020 and the EFSI, which both target research and innovation;

10. notes that in order to overcome these challenges, the current programming period (2014-2017) will need to be more results focused — this can be achieved through working with local and regional authorities. To ensure that the projects selected for the EFSI deliver the intended local results, its Investment Committee, which will be tasked with selecting projects, must also be open to local and regional consultations. A results-focused approach will also require increasing the use of EU funds by increasing the synergies between the various EU funds available and by making the funds more user-friendly;
11. considers that a further prerequisite for the success of the Investment Plan is that co-financing must not be curbed by the Stability and Growth Pact. The Committee therefore calls for national co-financing to be exempt from Stability and Growth Pact calculations, irrespective of the Member States’ situation with regard to the pact. This request is in line with the Committee’s broader request for national co-financing of European Structural Funds to be exempt from Stability and Growth Pact rules;

12. points out that infrastructure investments made by the EFSI must be disaster-resilient. Action now is far more cost-effective than retrofitting unsafe buildings (1);

13. in order to ensure that the Investment Plan is monitored effectively, further suggests that an Advisory Committee composed of EESC and CoR members be established to draw up recommendations for the Commission on the fund’s investment policy;

14. calls on Member States to closely involve local and regional authorities in establishing and promoting project pipelines to improve the good governance of the EFSI;

15. calls on the Commission and EIB to develop in cooperation with the CoR a set of criteria for the project selection and procedures for the follow-up; it highlights that the speed should not take over the quality of the projects;

16. calls on the EC and EIB to involve the CoR as an observer in the Steering Board and in the Investment Committee;

17. notes that the draft regulation touches upon either areas of shared competences between the European Union (EU) and the Member States or areas where the EU has the competence to support, coordinate or supplement the actions of the Member States (2). As its main objective is to contribute to a relaunch of investments at European level with clear transnational aspects, the CoR considers that the draft regulation is compliant with the principle of subsidiarity. With regard to the proportionality principle, the CoR considers that the draft regulation is the appropriate legal instrument, because its financial provisions need to be directly applicable in all Member States;

18. the LRAs should receive the report on the evaluation and functioning of the EFSI and contribute to ameliorating the Plan as they are the closest ones to identify the problems and propose the solutions given the various situations on the ground;

19. stresses the importance of taking account of environment and natural resources in the rules governing the use of the EU guarantee. The scope and general objectives set out in the proposal for a regulation should be extended to include climate protection and sustainability;

20. emphasises that it is crucial for EFSI investment guidelines to ensure that it can be accessible to smaller-scale projects, especially those that contribute to job creation and economic growth and that address regional disparities; and that the governance structures of the Fund recognise that in some regions, smaller-scale projects can equate to strategic investments as they can have significant leverage effects.

Brussels, 16 April 2015

The President
of the European Committee of the Regions
Markku MARKKULA

(1) See opinion CdR 2014/02646.
(2) Articles 172 (Trans-European networks), 173 (Industry), 175 (3) (Economic, social and territorial cohesion) and 182 (1) (Research and technological development and space).