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<u>Notice No</u>	<u>Contents</u>	<u>Page</u>
III <i>Preparatory Acts</i>		
EUROPEAN ECONOMIC AND SOCIAL COMMITTEE		
446th plenary session, held on 9 and 10 July 2008		
2009/C 27/01	Opinion of the European Economic and Social Committee on the 'Proposal for a Regulation of the European Parliament and of the Council on type-approval of hydrogen powered motor vehicles and amending Directive 2007/46/EC' COM(2007) 593 <i>final</i> — 2007/0214 (COD)	1
2009/C 27/02	Opinion of the European Economic and Social Committee on 'The different policy measures, other than suitable financing, that would help SMEs to grow and develop'	7
2009/C 27/03	Opinion of the European Economic and Social Committee on the 'Communication from the Commission: Agenda for a sustainable and competitive European tourism' COM(2007) 621 <i>final</i>	12
2009/C 27/04	Opinion of the European Economic and Social Committee on the 'White paper on the integration of EU mortgage credit markets' COM(2007) 807 <i>final</i>	18
2009/C 27/05	Opinion of the European Economic and Social Committee on 'Developments in the construction sector in Europe'	22
2009/C 27/06	Opinion of the European Economic and Social Committee on 'Developments in the business service sector in Europe'	26
2009/C 27/07	Opinion of the European Economic and Social Committee on the 'Proposal for a Regulation of the European Parliament and of the Council on cosmetic products (recast)' COM(2008) 49 <i>final</i> — 2008/0035 (COD)	34
2009/C 27/08	Opinion of the European Economic and Social Committee on the 'Proposal for a Directive of the European Parliament and of the Council amending Directive 2001/82/EC and Directive 2001/83/EC as regards variations to the terms of marketing authorisations for medicinal products' COM(2008) 123 <i>final</i> — 2008/0045 (COD)	39

EN

Price:
26 EUR

(Continued overleaf)

Notice No	Contents (continued)	Page
2009/C 27/09	Opinion of the European Economic and Social Committee on the 'Proposal for a Directive of the European Parliament and of the Council relating to simple pressure vessels (codified version)' COM(2008) 202 <i>final</i> — 2008/0076 (COD)	41
2009/C 27/10	Opinion of the European Economic and Social Committee on 'Towards a rail network giving priority to freight' COM(2007) 608 <i>final</i>	41
2009/C 27/11	Opinion of the European Economic and Social Committee on the 'Communication from the Commission — Communication on a European Ports Policy' COM(2007) 616 <i>final</i>	45
2009/C 27/12	Opinion of the European Economic and Social Committee on 'Road transport — working time of self-employed drivers'	49
2009/C 27/13	Opinion of the European Economic and Social Committee on the 'Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions — a European Strategic Energy Technology Plan (SET-PLAN) "Towards a low carbon future"' COM(2007) 723 <i>final</i>	53
2009/C 27/14	Opinion of the European Economic and Social Committee on 'The link between climate change and agriculture at European level'	59
2009/C 27/15	Opinion of the European Economic and Social Committee on the 'Proposal for a directive of the European Parliament and of the Council amending Directive 2003/87/EC so as to improve and extend the greenhouse gas emission allowance trading system of the Community' COM(2008) 16 <i>final</i> — 2008/0013 (COD)	66
2009/C 27/16	Opinion of the European Economic and Social Committee on the 'Proposal for a Decision of the European Parliament and of the Council on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2020' COM(2008) 17 <i>final</i> — 2008/0014 (COD)	71
2009/C 27/17	Opinion of the European Economic and Social Committee on the 'Proposal for a Directive of the European Parliament and of the Council on the geological storage of carbon dioxide and amending Council Directives 85/337/EEC, 96/61/EC, Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC and Regulation (EC) No 1013/2006' COM(2008) 18 <i>final</i> — 2008/0015 (COD)	75
2009/C 27/18	Opinion of the European Economic and Social Committee on the 'Proposal for a directive of the European Parliament and of the Council amending Directive 2006/66/EC of the European Parliament and the Council on batteries and accumulators and waste batteries and accumulators as regards Article 6(2) on placing batteries and accumulators on the market' COM(2008) 211 — 2008/0081 (COD)	81
2009/C 27/19	Opinion of the European Economic and Social Committee on the 'Non-energy mining industry in Europe'	82
2009/C 27/20	Opinion of the European Economic and Social Committee on the 'Integration of minorities — Roma'	88
2009/C 27/21	Opinion of the European Economic and Social Committee on the 'Elements for the structure, organisation and functioning of a platform for the greater involvement of civil society in the EU-level promotion of policies for the integration of third-country nationals'	95
2009/C 27/22	Opinion of the European Economic and Social Committee on 'A new European Social Action Programme'	99

<u>Notice No</u>	Contents (continued)	Page
2009/C 27/23	Opinion of the European Economic and Social Committee on the 'Proposal for a Council Directive on the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment' COM(2007) 637 <i>final</i> — 2007/0228 (CNS)	108
2009/C 27/24	Opinion of the European Economic and Social Committee on the 'Proposal for a Council Directive on a single application procedure for a single permit for third-country nationals to reside and work in the territory of a Member State and on a common set of rights for third-country workers legally residing in a Member State' COM(2007) 638 <i>final</i> — 2007/0229 (CNS)	114
2009/C 27/25	Opinion of the European Economic and Social Committee on the 'Proposal for a Decision of the European Parliament and of the Council concerning the European Year of Creativity and Innovation (2009)' COM(2008) 159 <i>final</i> — 2008/0064 (COD)	119
2009/C 27/26	Opinion of the European Economic and Social Committee on 'A better integration in the internal market as key factor for cohesion and growth for islands'	123
2009/C 27/27	Opinion of the European Economic and Social Committee on 'The reasons for the difference between perceived inflation and actual inflation'	129
2009/C 27/28	Opinion of the European Economic and Social Committee on 'The role of civil society in EU pre-accession aid programmes in the Republic of Albania'	140
2009/C 27/29	Opinion of the European Economic and Social Committee on the 'Setting up civil society organisations networks in the Black Sea region'	144
2009/C 27/30	Opinion of the European Economic and Social Committee on 'Reconciling the national and European dimensions of communicating Europe'	152

III

(Preparatory Acts)

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

446th PLENARY SESSION, HELD ON 9 AND 10 JULY 2008

Opinion of the European Economic and Social Committee on the 'Proposal for a Regulation of the European Parliament and of the Council on type-approval of hydrogen powered motor vehicles and amending Directive 2007/46/EC'COM(2007) 593 *final* — 2007/0214 (COD)

(2009/C 27/01)

On 14 November 2007 the Council decided to consult the European Economic and Social Committee, under Article 95 of the Treaty establishing the European Community, on the

Proposal for a Regulation of the European Parliament and of the Council on type-approval of hydrogen powered motor vehicles and amending Directive 2007/46/EC.

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 11 June 2008. The rapporteur was **Mr Iozia**.

At its 446th plenary session, held on 9 and 10 July 2008 (meeting of 9 July), the European Economic and Social Committee adopted the following opinion with 117 votes in favour and five abstentions.

1. Conclusions and recommendations

1.1 The EESC approves of the content of the proposed regulation and welcomes the Community-level establishment of harmonised standards for the type-approval of hydrogen powered vehicles. It endorses the choice of a single Community procedure to be valid in all Member States as this is simpler and much less burdensome than 27 different type-approval systems that would clearly pave the way for unfair competition and fragmentation in the internal market.

1.2 The importance of this measure is clear: despite expectations of considerable growth in the commercialisation of hydrogen-powered vehicles, there is no type-approval for them at national or European level. Where individual Member States have adopted provisional regulations, they differ significantly from one another.

1.3 The regulation must be approved rapidly as it will provide a definite frame of reference for the sector's companies, and thus pave the way for the major investment necessary to develop hydrogen-related technologies. The EESC has endorsed this strategic choice in recent opinions on the subject, stating that despite its continuing limitations, hydrogen is the challenge for the future.

1.4 The establishment of these Community standards on harmonisation is also an important element in guaranteeing safety for users. Building up their trust is essential in the light of the predicted increase in the use of this technology. According to Commission forecasts, the number of hydrogen-powered vehicles should reach the one million target by 2020.

1.5 An important example confirming the validity of this objective and the real possibility of reaching it is that of the steadily increasing number of taxis with hybrid fuel systems circulating in New York, where a positive urban policy has made it possible to marry environmental protection with market rules. This clearly demonstrates that attempts to build artificial barriers to the development of this technology often mask vested interests.

1.6 Reaching this target is essential, as only by making a decisive move to replace fossil fuels will it be possible to stay on track with the EU's policies on sustainable development and the fight against climate change. This goal can be achieved by means of a gradual shift to the use of hydrogen, second generation biofuels and other renewable fuels.

1.7 To provide the fundamental support this long-term strategy requires will involve specific commitments in the field of technological research. The EESC therefore calls for the implementation of targeted research programmes, starting with the rapid approval of the regulation proposed in COM(2007) 571, which provides for the establishment of a Joint Technological Initiative (JTI) based on the establishment of a Fuel Cells and Hydrogen Joint Undertaking ⁽¹⁾. The Committee would welcome research programmes aimed at finding new means of producing and using hydrogen and echoes the calls from businesses and research bodies active in the hydrogen sector for the Council and Parliament to speed up the approval of the necessary proposals.

1.8 The EESC urges the Commission to start work now on examining the issue of distribution network coverage, as safe and efficient storage and adequate distribution systems are essential elements in the dissemination of vehicles powered by gas mixes.

1.9 Initially, action should focus on the distribution of LPG and methane throughout the Community, as though in many EU countries they are scarce or non-existent these offer the most immediate and realistic hope of reducing dependence on carbon-based fuels. This initial drive for newer, safer and more efficient technologies in the field of storage and distribution should, in the near future, facilitate an intermediate phase of supplying a mix of gas and hydrogen until the final move to hydrogen distribution.

1.10 Steps must be taken to restore the confidence of future users and dispel the doubts that still surround hydrogen use. Widespread information programmes should be planned, with a clearly argued message, to reassure the public that this technology has already reached the current safety levels of conventional vehicles.

1.11 The EESC agrees that the most appropriate legal instrument to use is a regulation, as this creates a level playing field for the sector's producers by ensuring that the standards it contains will be implemented simultaneously in all Member States.

1.12 The EESC approves of the proposal to prepare and implement basic standards by means of a committee procedure. It also welcomes the arrangements for a transition period for the full application of all the standards; this appears necessary for producers, given the complexity involved.

1.13 The EESC welcomes Europe's presence in the Global Coordination Group (GCG), which is seeking to establish type-approval standards at world level (GTR — Global Technological Regulation), and considers Europe's involvement important. However, it would also stress that the search for a global agree-

ment must not obstruct the European legislative procedure. Having its own legislative instrument and experience of applying Community standards will strengthen Europe's presence on all global bodies, and ensure that the establishment of international regulations in the field of hydrogen-powered vehicles has more than one available point of reference to take into account (Japan).

1.14 The experience gained from having legislation at Community level and the important results that may stem from a solid ongoing commitment to technological research could help to boost the competitiveness of companies already operating in the vehicle sector, given that major shares of the future market are staked on the new technologies and fuels.

1.15 In the EESC's view, all this requires bold and timely decisions, together with a long-sighted strategic vision focusing on a future scenario where, in time, hydrogen is destined to play a major and decisive role.

1.16 The EESC would invite the Commission to reconsider its proposal to label hydrogen-powered cars, as this could be seen as criminalising them in some way, identifying them as 'dangerous', whereas their safety test results are on a par with those for cars powered by other fuels. As an alternative to that label, the EESC feels it would be more appropriate to identify the fuel-types of all cars, making them clearly recognisable.

1.17 In the absence of a distribution network, to facilitate the dissemination of hydrogen-powered vehicles, the EESC recommends that the Commission introduce type approval for small reforming units for the automatic production of hydrogen from methane (home energy stations or similar facilities). This could mark the first real step towards meeting the new demand for hydrogen in the early days, while the ultimate goal must continue to be that of producing hydrogen from renewable resources or biogas, by means of photolysis or electrolysis using electricity generated from renewable sources.

2. Introduction

2.1 The starting-point for the regulation in question (COM(2007) 593 final) is that there are no European standards governing the type-approval of hydrogen powered vehicles, despite predictions that the market presence of such vehicles is set to increase.

2.2 Neither are there regulations governing this field in the EU's individual Member States.

None of the current legislation governing vehicle type approval includes any general standards for hydrogen powered vehicles, partly because of their differences compared with vehicles that run on traditional fuels.

⁽¹⁾ OJ C 204, 9.8.2008, p. 19.

2.3 A few Member States have adopted provisional regulations that differ significantly from one country to another. If this situation is allowed to continue, the type approval procedures developed in individual Member States will differ, with the inevitable consequences of internal market fragmentation and distorted competition rules, making the real possibility for this technology to contribute decisively to improving the environment remote.

2.4 This draft regulation is therefore intended to ensure that the internal market functions properly and to prevent vehicles from circulating in individual Member States under differing type approval standards, leading to imbalances between individual producers and paving the way for artificial barriers to trade in Europe.

2.5 The result would be to hinder rather than promote the practical development of hydrogen technologies and related initiatives in Europe, although it is one of the most significant available alternatives to fossil fuels. The latter still account for 98 % of public and private transport and 50 % of primary energy sources, a figure likely to increase to 73 % unless there is a definite decision to diversify.

2.6 This regulation, along with major research programmes in the sector as part of the 7FP, marks an important step towards bringing hydrogen use to the safety levels reached by traditional technologies and could also contribute towards gaining the support of potential users.

2.7 Harmonised standards at Community level for the type approval of hydrogen powered vehicles would doubtless constitute a decisive step towards securing the necessary consensus among users. The development of user confidence in the use of hydrogen is essential if the placing on the market of vehicles run on alternative low-greenhouse gas emission fuels is to be stepped up, something that is essential to protect the environment properly and practically.

3. The Commission proposal

3.1 The draft regulation aims to set standards valid throughout the EU for the type approval of hydrogen powered vehicles.

3.2 It amends Framework Directive 2007/46/EC by including category M1-M2-M3 and N1-N2-N3 ⁽²⁾ hydrogen powered vehicles fully within the EC vehicle type approval procedural framework and including hydrogen-powered vehicles in all type approval related directives and regulations.

⁽²⁾ M1 vehicles designed for passenger transport, with a maximum of eight seats in addition to the driver's seat.

M2 vehicles designed for passenger transport, with more than eight seats in addition to the driver's seat and weighing no more than 5 tonnes.

M3 vehicles designed for passenger transport, with more than eight seats in addition to the driver's seat and weighing more than 5 tonnes.

N1 vehicles designed for goods transport, weighing no more than 3,5 tonnes.

N2 vehicles designed for goods transport, weighing more than 3,5 tonnes but no more than 12 tonnes.

N3 vehicles designed for goods transport, weighing more than 12 tonnes.

3.3 **The legal basis** of the proposal is Article 95 of the Treaty.

The proposal fully respects the **principle of subsidiarity** as the political objectives agreed at Community level cannot be achieved by individual Member States. Furthermore, the procedure prevents the creation of barriers in the single market.

It also preserves the **principle of proportionality**, its objective being simply the smooth running of the single market and a high level of public safety and environmental protection.

3.4 The Commission proposes to use a regulation as this will ensure that the provisions enter into force in all Member States at the same time, without having to wait for them to be transposed into national legislation. It should also avoid delays in the adaptation of type-approval standards and prevent the risk of provisions being changed significantly during transposition.

3.5 The proposal has been carefully examined by means of a thorough consultation of all the stakeholders. Beginning with the 'Hydrogen Working Group', the survey involved national authorities, vehicle manufacturers, vehicle parts suppliers and industry associations.

3.6 The four options studied were:

- no policy change, i.e. maintaining the status quo;
- legislation at Member State level;
- legislation at European Union level;
- and a non-regulatory approach, i.e. self regulation.

3.7 A consultant was then appointed to collate the responses concerning safety, technology and the relative costs of the various options. The results were then assessed by the main companies in the automobile sector involved with hydrogen technology.

3.8 From this broad consultation process it clearly emerged that the best course of action would be legislation at Community level to establish a type-approval procedure for all hydrogen powered vehicles.

3.9 To back up this choice, the Commission has presented a study ⁽³⁾ that argues that introducing even a strict European type approval process is the simplest and least costly way ahead, given the theoretical cost of 27 different type-approvals for each of the individual Member States.

⁽³⁾ TRL Ltd: technical and scientific consultancy employed by the Commission.

3.10 The consultant's assessment was submitted to the Commission, which produced the present proposal on the basis of the prior consultation work, thus starting the institutional process.

3.11 According to the Commission, the standards established in this regulation offer hydrogen powered vehicle users the necessary guarantees in terms of safety and will contribute decisively to environmental protection.

3.12 The concluding objective is that 36 months after the entry into force of the regulation, hydrogen systems, all components in contact with hydrogen and the related materials used must comply fully with the standards set out by the regulation.

4. The hearing

4.1 The hearing, attended by the Commission, academics, vehicle manufacturers involved in developing hydrogen-powered cars, European associations, consumers and fuel cell producers, delivered valuable ideas and information on the latest technological developments.

4.2 It highlighted the importance of public information and of events such as the one that has been held for a number of years in Rome (H₂ Roma), introducing the public to the producers, demonstrating technological developments and raising awareness of a technology still considered dangerous by most people. Those present were very interested in the part that the EESC could play as a cultural mediator.

4.3 Companies and consumers underlined the need to be able to rely on the safety of vehicles and storage and distribution facilities, as well as on the availability of hydrogen. Research should continue with better backing. They welcomed recent European initiatives promoting fuel cells, with the decision to finance a Joint Technological Initiative.

4.4 Autonomy tests have shown that hydrogen-powered cars already have a range of up to 600 km. Further tests are in the pipeline.

4.5 As the hearing showed, hydrogen-powered cars are now a technological reality. What are missing however are the economic and social conditions necessary to move into the marketing phase. The type approval regulation will do away with an initial obstacle.

5. General comments

5.1 The EESC approves of the content of this regulation and welcomes the adoption of harmonised standards for the type

approval of hydrogen powered vehicles. This marks a step forwards from the present situation where the lack of legislation is clearly likely to distort competition and fragment the internal market. It is important that the regulation is approved rapidly, not least for reasons of safety and environmental protection.

5.2 In the EESC's opinion, the absence of a definite frame of reference inevitably tends to discourage the necessary significant investment in technological development for the use of hydrogen as a fuel for future cars.

5.3 The regulation appears to be in line with the EU's policies on sustainable development and with the fight against climate change, which underpin Community initiatives and make a vital contribution to the general objectives of the Lisbon Strategy.

5.4 The EESC is firmly convinced that unless hydrogen powered vehicles are developed rapidly and on a grand scale and fossil fuels are gradually replaced the environmental benefits will be severely limited and thus negligible in quantitative terms. It would argue that the use of hydrogen, second generation biofuels and other renewable fuels could make it possible to further environmental sustainability and to make a strong stand against climate change.

5.5 The EESC maintains that the exciting path towards reversing the current trend whereby demand for energy is satisfied primarily by fossil fuels, which currently account for 85-90 % of world energy supply, will involve the use of hydrogen and a commitment to research in the field of hydrogen and fuel cells. Any studies of future prospects must take into account the fact that the future for fossil fuels is likely to involve shortages and constantly increasing prices.

5.6 The EESC recently adopted an opinion ⁽⁴⁾ fully supporting the Commission's proposal (COM(2007) 571 final) to earmark approximately EUR 470 million for a Joint Technological Initiative (JTI) for 'fuel cells and hydrogen', which will enable the Commission, Member States and the industry to pool their various resources in a vast research initiative in order to launch programmes targeting strategic sectors for the diversification and future availability of energy.

5.7 In a subsequent opinion on the energy mix in transport ⁽⁵⁾, the EESC 'considers a sharp increase in funding for research into the production and use of hydrogen (...) to be vital' and 'echoes the calls from businesses and research centres engaged in developing hydrogen use for the Council and Parliament to speed up the process of adopting the proposal'.

⁽⁴⁾ OJ C 204, 9.8.2008, p. 19.

⁽⁵⁾ CESE 1104/2007 (TEN/297), point 1.4. Not yet published in the OJ.

5.8 Fuel cells are energy converters that reduce the production of greenhouse gas and other pollutants considerably. As for biomass processing, the EESC takes a careful look in the same opinion at recent progress in the field of new catalysts designed for fuel cells, which are a highly promising technology for the supply of clean energy for cars.

5.9 While stressing that the use of hydrogen in the gradual substitution of fossil fuels is necessary and desirable, the Committee points out that the aim of bringing hydrogen-powered vehicles into circulation cannot be achieved without significant investment in all related fields of research. For this reason, the EESC would like to see research programmes aimed at consolidating this strategy.

5.10 The Committee considers that although the high cost of this process is an issue, it must not be allowed to slow down technological development in this field. It is keenly watching all programmes aimed at seeking new eco-friendly ways to produce hydrogen, given that the current method, whereby over 90 % of hydrogen is produced from methane, is based on a major energy source that is significant but nonetheless finite.

5.11 The EESC would stress that when assessing the costs of each technological advance, the major sums necessary should be assessed not just in relation to the admittedly large private vehicle sector, but also from a strategic, forward-looking perspective, taking into account the future benefits that might arise from the wider use of hydrogen for instance in public and private transport, goods transport and in trains and water transport, going as far as the possible use of hydrogen in electricity power stations, though this is a more distant prospect.

5.12 The EESC is utterly convinced that if these major research programmes develop in the desired way and receive the necessary political and financial support from all the interested parties, there is a strong possibility of seeing partially or fully hydrogen powered cars on the roads relatively soon.

5.13 One concrete example of this positive trend is the steadily increasing use of hybrid taxis in New York, where a positive urban policy has made it possible to marry respect for the environment with market rules. This clearly demonstrates that attempts to place obstacles in the way of the development of this technology often mask vested interests.

5.14 In all its opinions on the subject, the EESC has supported the choice to use hydrogen, which, despite the currently known limitations, is the challenge for the future. The Committee is keeping a close eye on recently planned initiatives

using various production and supply technologies and paving the way for the future use of hydrogen to power vehicles.

5.15 In this light, the EESC would once more urge the Commission to examine the issue of distribution network coverage for alternative fuel, starting by boosting the distribution of CNG (compressed natural gas), which in Europe is distributed on a small scale in a few Member States and is totally absent in others, with a few positive exceptions, including Poland.

5.16 The field of storage and distribution is a concrete example of targeted research in the sector. The need for innovative technology in the field of gas distribution is a fundamental and critical issue for the dissemination of new vehicles, both in the intermediate phase of a possible mix of different gases, and in the pursuit of the ultimate objective of hydrogen fuel.

5.17 There is an urgent need here for ever more efficient and safe distribution systems, using the experience garnered from the two plants currently operating in Europe, in Mantova (Italy) and Munich (Germany), directing research towards increasingly advanced systems that centre on meeting high standards of safety and environmental protection.

5.18 For these reasons, the EESC believes that achieving high levels of safety and efficiency in the storage and distribution of gaseous fuels is crucial in the current phase, requiring a major programme to disseminate LPG and methane plants throughout Europe. This is a more immediate realistic objective when it comes to reducing dependence on carbon-based fuels, as an intermediate phase before the definitive stage of distributing hydrogen. The technologies necessary for storing and distributing gas and hydrogen are very similar, so the development of the former will inevitably favour the development of hydrogen.

5.19 The EESC is aware that the use of hydrogen still poses definite problems when it comes to cost and certain elements of safety. The thorough tests carried out in various countries mean that the obstacles of the past should now be completely overcome, bringing hydrogen use to the safety levels achieved by conventional technologies. Achieving this objective, and launching major programmes to provide specific information, might help to build the confidence of future users, something that is essential for the definitive relaunch of the use of this technology.

5.20 For this reason, it is essential that this hydrogen-based strategy be backed up by a thorough information programme to address and overcome the current doubts of future consumers who consider hydrogen to be a highly risky product.

5.21 A well-disseminated information programme must send out a clear message: hydrogen technology has already reached the current safety levels of conventional vehicles, even in the event of accidents. This is key if the Commission's forecast of 1 million vehicles on the Community's roads by 2020 (Impact Assessment, p. 34) is to be considered credible.

5.22 This regulation setting Community-level harmonised standards for the type approval of hydrogen powered vehicles is the first step towards building such a consensus. It should be supported for the fundamental reason that use of this fuel makes a key contribution to environmental protection, as it does not emit greenhouse gases or release carbon-based pollutants.

5.23 The EESC agrees with the choice of regulation as the legal instrument for the proposal as it creates a level playing field for the sector's producers by means of the immediate application in all Member States of the standards it contains.

5.24 The EESC approves of the proposal to prepare and implement basic standards by means of the committee procedure. It also welcomes the arrangements for a transition period; this reflects the complexity of the technology, which producers will require some time to apply.

5.25 The EESC supports and considers important the presence of Europe alongside Japan and the USA on the Global Coordination Group (GCG) aimed at achieving a world-wide procedure for the type-approval of hydrogen-powered vehicles.

5.26 However, the search for a solution at this level must not be allowed to get in the way of the Community legislative process, as the time needed to reach an agreement at world level will be longer than the timeframe for the current regulation. Indeed, once the EU has a specific legislative instrument and its own experience of implementation, it will have greater clout at the GCG and will be able to prevent any attempts to adopt a regulation based on the only experience currently available, i.e. that of Japan.

5.27 A strong European presence on world decision-making bodies is also vital for safeguarding the competitive edge of major vehicle manufacturers operating at European level, which must not lose touch with developments in a market where a strong, timely and technologically-advanced presence is key to winning a major market share in the future.

5.28 Type-approval, though just one aspect of the overall process, marks a significant step towards the availability of alternative fuels that can release Europe from the grip of fossil fuels and bring major environmental benefits, preparing us for the time when, sooner or later, that resource will slowly but surely run out.

5.29 All this calls for bold decisions and a long-term, strategic outlook, setting sights on the present and also on a future scenario in which the use of hydrogen is destined to play a fundamental role.

Brussels, 9 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

Opinion of the European Economic and Social Committee on ‘The different policy measures, other than suitable financing, that would help SMEs to grow and develop’

(2009/C 27/02)

On 20 September 2007, Mr Andrej Vizjak, Minister for the Economy, asked the European Economic and Social Committee, on behalf of the forthcoming Slovenian presidency of the Council, to draw up an exploratory opinion on

The different policy measures, other than suitable financing, that would help SMEs to grow and develop.

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee’s work on the subject, adopted its opinion on 11 June 2008. The rapporteur was Mr Cappellini.

At its 446th plenary session, held on 9 and 10 July 2008 (meeting of 9 July), the European Economic and Social Committee adopted the following opinion by 122 votes to 0, with five abstentions.

1. Conclusions and recommendations

1.1 The EESC believes that the Small Business Act for Europe (SBAE), which it had called for on numerous occasions, should make it possible to re-launch the European Charter for Small Enterprises; furthermore, it considers that the SBAE not only represents a remarkable opportunity for developing the potential of small businesses but will also gauge the extent to which the EU institutions and Member States wish to launch a genuine policy of voluntary and lasting support for SMEs and the smallest companies.

1.2 This policy should not be confined to periods of economic downturn, when politicians have a tendency to rediscover the benefits of SMEs and small business, especially their capacity for plugging employment gaps and reducing unemployment statistics, but should instead aspire to be a well-structured policy providing long-term support for small business competitiveness.

1.3 The EESC recommends 10 key measures to support and re-launch SME development by creating a truly favourable environment and effective Small Business Act for Europe, which will be more than just another political declaration:

- to have a good knowledge of the European landscape of the various types of SMEs, their evolution and their needs at cross-sectoral and sectoral level in the light of the internal, external and cross-border aspects of the internal market, particularly through the publication of annual reports;
- to integrate the SME dimension into all Community policies and into the legislative process;
- to pursue a strategy of simplified administration at all levels and to establish a new method of consultation with the various types of SMEs and the intermediary organisations representing them;
- to ensure that legislation at all levels takes account of the situation and needs of the various types of SMEs and applies the principle of ‘think small first’;

- to ensure that legislation respects the following four fundamental principles: 1) effective impact analyses, 2) proportionality, 3) ‘only once,’ and 4) the principle of safeguarding, with a particular focus on extending the powers of the SME Envoy (i.e. the SMEs’ representative) and creating an SME ombudsman for the single market;
- support the assistance and advisory activities of intermediary organisations representing SMEs;
- to relaunch business cooperation and inter-organisational exchange programmes and to establish a network of related support services;
- to introduce a more extensive and permanent policy of innovation focused on small business;
- to simplify and promote SMEs’ access to EU programmes;
- to launch a policy for the transfer of business ownership.

1.4 the EESC requests the implementation of the SBAE at all levels in the form of a legally binding instrument.

1.5 Furthermore, it calls for the SBAE to encourage social dialogue between the social partners in SMEs so as to establish the best possible working environment for the promotion of creativity and innovation, including in the area of working conditions, with a particular emphasis on improving safety and risk assessment at the workplace.

2. (Background) Presentation of the exploratory opinion

2.1 The crucial role played by small and medium-sized enterprises (SMEs) in the EU economy is universally recognised as a key factor for EU level growth and employment and for addressing the new challenges of globalisation. The results of the SME policies implemented during the years 2005-2007 show that significant progress has been made, both at EU and at national level, thanks to the application of the *think small first* principle.

2.2 The European Commission has stressed the need to unlock SMEs' potential for growth and job creation and to take full advantage of their capacity for innovation. This approach found its reflection in the report on the renewed Lisbon Strategy for growth and employment adopted on 11 December 2007, and provided the inspiration for the creation of a *Small Business Act* for Europe, whose principal objective is to identify concrete measures and principles for improving the European SME environment and for reaping the full benefit of their diversity. This initiative was endorsed by the European Council meeting in December 2007; the Commission aims to present a proposal by June 2008.

2.3 It is worth bearing in mind that the EESC has recently issued, or is currently preparing, a number of other opinions relating to SME policy, including:

- Developments in the business service sector in Europe (INT/412 — rapporteur: Mr Calleja) (in preparation)
- Research and development programme for SMEs (INT/379 — rapporteur: Mr Cappellini)
- A mid-term review of Modern SME policy (INT/392 — rapporteur: Mr Burns) (in preparation)
- International public procurement (INT/394 — rapporteur: Mr Malosse)
- Micro-credit (INT/423) — rapporteur: Mr Pezzini) (in preparation).

2.4 The Slovenian presidency of the Council has asked the EESC for a series of political proposals promoting SME growth. The aim is not for the EESC to draw up a new list of technical measures focusing on the individual growth of SMEs but rather to put forward a more structured political framework and to innovate in favour of SMEs.

2.5 Two priorities in particular have been set out by the Slovenian presidency:

- a) to enable all SMEs, irrespective of their differences in terms of size, operations, sector or means of production, to respond to the major challenges which they will face in the future such as industrial, climate and demographic change, social challenges, as well as the restructuring of markets due to the effects of globalisation, changes in distribution and the standardisation and certification of products and services;
- b) to enable SMEs to be more closely involved in political decision-making, operational priorities and legislative decisions which affect their working environment.

2.6 In addition, the Slovenian presidency requires the opinion of the EESC in connection with the preparation of the *Small Business Act* for Europe.

3. General comments

3.1 The EESC has, in its previous opinions, commented on the significant advances made by SMEs, especially in terms of access to funding or simplified administrative procedures. It is

particularly satisfied with the approach of the European institutions, which has shown a clear move in favour of small business, and hopes that this is not solely due to the current difficult economic and social situation. However, in spite of these unquestionable achievements, the policies launched in recent years are nonetheless beset by a number of weaknesses.

3.2 The EESC considers, in particular, that the European Charter for Small Enterprises has failed to achieve its strategic objectives because it has no legal standing and has, for the most part, remained little more than a political declaration. There is a need to strengthen its implementation in the Member States and at regional level and to relaunch the annual evaluations and recommendations in the Member States.

3.3 Furthermore, mention has often been made of the need to further improve the dialogue with the various types of SMEs; the EESC believes that there is a need to introduce a new culture of dialogue at European, national and regional level making it possible to strengthen and institutionalise dialogue between the institutions and intermediary organisations representing SMEs.

4. Specific comments

4.1 Create a new environment promoting the development of all SMEs

In the light of this situation and the significant challenges facing SMEs in the future, the EESC fully supports the presidency's initiative to launch an innovative policy for SMEs, the cornerstone of which will be the SBAE, and endorses the Commission's initiatives for improving SME competitiveness, in order to give more weight to the renewed Lisbon Strategy adopted at the 2008 Spring Summit.

4.2 A European project supporting SMEs and micro-enterprises

The EESC recommends that the European institutions no longer focus exclusively on high-growth companies, international positioning or various indicators of excellence as this has led to a situation where millions of small businesses who generate value, innovation, employment and regional stability are being deprived of the benefits of EU action. It urges institutions and public authorities at all levels to adopt an innovative approach to SME policy by launching a truly European project bringing together all the economic potential of small, medium-sized and micro-enterprises to inject the extra growth and employment which is needed by the EU. This European project must also promote and develop dialogue with the social and economic partners and the representative organisations of the different types of SMEs on the key new EU challenges (climate change, demographic change and immigration, the environment, energy) which SMEs will face in the future. Based not only on both high growth enterprises but perhaps primarily on the local economy and on so called 'traditional' activities, it must allow the EU to initiate a policy of promoting businesses on a human scale and to focus on the local economy in order to ensure Member States' growth by stressing five priority measures.

4.2.1 To understand and convey the reality of the situation facing the different types of SMEs. All EU policies must be based on clear facts providing information on the subject. The definition of an SME covers a very broad range of business situations and types or forms of companies (sole traders or incorporated companies, companies with no workforce or up to 250 employees, companies engaged in craft, commercial or social activities, companies active in the professional world) operating in a variety of different sectors, each with their own very different situations and needs. Information about the various types of SMEs is often incomplete or non-existent. The analyses carried out by the previous Observatory of European SMEs often provided vital data. The EESC is delighted by DG Enterprise's decision to re-launch the Observatory and requests:

- the launch of a vast programme of economic studies, including sector specific reports, on the situation and needs of the various types of SMEs, including at national and regional level, and statistical analyses in consultation with the representative organisations concerned;
- the promotion and development of business organisations' own research and study activities at European, national and regional level, in consultation with research centres, universities and the Member States.

4.2.2 Include the SME dimension in all Community policies: The EESC has noted that beyond the political declarations in favour of small businesses, there is still a strong tendency among legislators at all levels to apply the large company model by rote and to follow the bonsai principle which holds that what is good for a large company is good for small companies too, either due to their lack of understanding of the real situation or their desire to keep things simple. This approach, based on a single economic model, is particularly ill-suited to the reality of a plethora of different types of companies and business cultures, leading to a situation where over 90 % of European companies feel that EU policy ignores or fails to understand their needs. The EESC draws the attention of the EU institutions and the Member States to the fact that while small and micro-enterprises represent the life blood of the EU economy and employment, they risk becoming its downfall, not through their own fault, but as a result of the insufficient attention paid to them by public authorities at all levels. The EESC requests that the SBAE finally provide an opportunity to put matters into practice and hopes that the needs and specific characteristics of the various types of SMEs be taken into account in all policies, programmes and negotiations, including social dialogue and international relations, at EU as well as national and regional level.

4.2.3 Pursue a policy of simplified administration: the EESC urges the Commission to increase its efforts to simplify EU legislation; however, above all it calls on the EU institutions and the Member States to engage in a more effective policy of simplification, based on the following five points:

- to put in place a genuine *think small first* policy;

- to simplify, but not to diminish responsibility: the EESC has certain doubts concerning the validity and efficiency of systematic exemptions for small businesses and would prefer a degree of proportionality in the area of implementation as well as direct consultation with the SME organisations concerned;
- to systematically involve the representative organisations of the various types of SMEs in the EU, national and regional legislative process, as well as in social dialogue at various levels, and increase cooperation with the EESC and the Committee of the Regions;
- to systematically apply the *only once* principle at all levels;
- to draft practical guides and explanatory documents on all adopted legislation to make them more comprehensible and easier to transpose.

4.2.4 Support the assistance and advisory activities of intermediary organisations: Intermediary organisations representing the various types of SMEs are a key element in the success of EU policies through the technical assistance services which they can provide to all SMEs requiring specific skills that cannot be ensured under the new EEN (Enterprise Europe Network) network. They play a vital role in providing companies with both information and support, in particular by tailoring legislation to the specific needs of each company on a case-by-case basis and transposing legislation to the micro-economic and local level, including as close as possible to the smallest companies. On the one hand, the EESC considers it vital that public authorities at all levels engage in a voluntary policy of supporting their activity and that Community programmes which cover SMEs expressly provide for support measures for such organisations. On the other hand, it calls on the Commission, the Member States and the regions to put into practice the conclusions of the 4th European conference of craft industries and small businesses in Stuttgart on this issue.

4.2.5 Relaunch business cooperation programmes and inter-organisational exchange programmes: The EESC urges the Commission to relaunch the inter-regional business cooperation programmes which have proved to be effective in the past; furthermore, support must be given to action taken by intermediary organisations or the creation of bodies which promote such cooperation should be made possible.

4.3 Adopt a genuinely effective European Small Business Act

4.3.1 The EESC expresses its delight at the positive opinions of the Council and the Commission supporting the creation of a Small Business Act at European level, especially as the Committee has advocated the introduction of the SBAE on numerous occasions⁽¹⁾. It believes that, to be effective, the SBAE must fulfil the following conditions:

⁽¹⁾ See EESC opinion on *Business potential, especially of SMEs (Lisbon Strategy)* (OJ C 256 of 27.10.2007, p. 8).

4.3.1.1 its aim must be to **create the best possible environment** for SMEs and micro-enterprises at all levels and to provide a concrete response to the various challenges that SMEs must face during their life cycle including, in particular, the transfer or take-up of business ownership; in the light of the above, the SBAE must not lead to a deterioration in the working conditions of SME employees; the initiatives launched should, on the contrary, make it possible to take better account of their situation;

4.3.1.2 it must bring **real added value** and not simply limit itself to combining existing programmes or coordinating the various measures currently underway;

4.3.1.3 it must not just constitute another declaration of intent, as was unfortunately the case for the European Charter for Small Enterprises and not be restricted to a simple political declaration on the part of the EU institutions and the Member States; European SMEs and micro enterprises deserve better and the EESC believes that **giving the SBAE real legal standing** will demonstrate and prove the EU's commitment to taking effective action in respect of SMEs and micro-enterprises;

4.3.1.4 it must be **binding in its entirety** and apply to all levels of European, national and regional decision-making by focusing on public authorities at all levels, whilst leaving the responsibility for its implementation to the Member States⁽²⁾;

4.3.1.5 it must **be applied to all EU policies** by including SMEs in all these policies and by developing a holistic approach which takes proper account of all aspects of the policies and the impact of the new rules on the various types of SMEs.

4.3.2 The EESC requests that the SBAE include **five key policy measures** to ensure that the legislation does not restrict the development and competitiveness of the various types of SMEs;

4.3.2.1 **Ensure that legislative texts at all levels are drawn up by taking into account the specific needs and situation of the various types of SME.** To this end, the following basic rule should be established which will apply to all levels of the decision-making process: legislative proposals must be formulated taking account of the needs and expectations of SMEs, especially the smallest businesses, and by applying the *think small first* principle, with a particular focus on the self-employed, who account for over half of all European businesses. This approach envisages in particular the systematic consultation of SME representative organisations, and the involvement, at an appropriate level, of experts from these organisations in the work of those advisory committees which deal with issues at regional, national or European level which could have an impact on SMEs. This was in line with the request made by the Competitiveness Council of 13 March 2006.

In this vein, the EESC calls for the appointment of an SME envoy at each Commission DG who will be responsible for

ensuring that the legislative measures and programmes managed by the DG take sufficient account of the priorities and expectations of SMEs and micro-enterprises.

4.3.2.2 **Ensure that legislation complies with the fundamental principles.** For the EESC, the effectiveness of legislation at all levels and of joint or individual SME programmes or measures is dependent on the inclusion of the following four principles in the SBAE and on their systematic application at regional, national and European level:

- systematic impact analyses for SMEs: no legislative text should be adopted unless it has first been subject to a systematic impact analysis covering the various types of SMEs involved, in order to gauge the direct and indirect social and economic effects, the administrative burden and the information and investment costs that this will entail, as well as the advantages they can gain;
- the principle of proportionality: legislation must not impose unnecessary measures on SMEs and must be limited to the strict minimum necessary; the conditions for the application of legislation must be adapted to the different circumstances of the enterprises concerned and their capacity for implementing legislation;
- the *only once* principle: the role of SMEs is to produce, not to act as administrative departments; they may not be subject more than once to declarations and administrative procedures regarding the same issue and it is up to the administrative authorities concerned to pass this information on to one another; the 'only once' principle may not be honoured by government offices which apply the 'one business-one contact person' principle based on the fact that intermediary organisations already carry out this function at national level;
- the safeguard principle: legislation may not be adopted if it impedes the development of SMEs or risks hindering their competitiveness. It should be possible to block new legislative proposals which have not been subject to a full impact analysis or where it is apparent that the proposed measures could impede the socio-economic development of SMEs;

Furthermore, the EESC emphasises the need to put in place and to ensure complete transparency in administrative procedures by allowing SMEs to have access to all administrative data concerning them and to correct it, where appropriate.

4.3.2.3 **Put in place a broader and consistent policy of innovation.** The EESC asks that the Commission, the Member States and the regional authorities do not restrict themselves to supporting innovation in high technologies only and that they adopt a more proactive policy by including in their programmes specific measures to support the innovation of low and medium technology and non-technical innovation in SMEs, especially in the smallest businesses.

⁽²⁾ See EESC opinion on *International Public Procurement* (OJ C 224, 30.8.2008, p. 32) in which the EESC voices its opposition to 'the introduction of a quota system for SMEs like that applied under the US Small Business Act'.

The new EBN advisory network will never, by itself, be able to intervene effectively on behalf of all those companies with a potential for innovation. The EESC therefore requests that the SBAE identify the following priorities:

- encourage the social partners in the SME sector to engage in dialogue with the aim of creating a good working environment which is conducive to creativity and innovation;
- support the appointment of advisors at intermediary organisations for SMEs and small and micro-enterprises, as close as possible to business, as well as custom-made training courses for entrepreneurs and employees on how to innovate more effectively by capitalising on the new opportunities provided by markets in transition;
- create financial instruments tailored to the needs of the smallest businesses, ensuring that they also support measures targeting employees;
- encourage both Member States and the regions to launch a campaign in cooperation with SME organisations to identify technological and non-technological innovations within SMEs and, in particular, micro-enterprises.

4.3.2.4 Broaden access to Community programmes. The EESC believes that the complexity of administrative procedures and the existence of divergent requirements are making it increasingly difficult, if not impossible, for small companies to take part in EU programmes, prompting the paradoxical situation where intermediary organisations are showing less and less interest in such programmes. To take but one example, current legal constraints do not allow innovative action such as support for experimental pilot projects, thereby depriving the EU of a whole raft of innovative proposals. The EESC believes there is a need for a review of the related rules and regulations: given the importance of this work, it is not the role of this opinion to identify the changes that need to be made; nevertheless, the EESC asks the Commission to launch a consultation with the SME representative organisations within the framework of the SBAE in order to lay down new conditions for organising and participating in programmes at various regional levels.

Against this background, structural funds must be able to promote SME participation in public contracts, especially in the most disadvantaged regions ⁽³⁾.

Brussels, 9 July 2008.

4.3.2.5 Simplifying and encouraging the transfer of business ownership. The EESC particularly stresses the importance of the transfer of business ownership, especially for small production and service-based businesses in urban and rural areas: their anticipated disappearance — which is, however, by no means inevitable — will have a huge negative impact on retaining businesses and jobs in these areas. On the one hand, the creation of systems for bringing together buyers and sellers, and the introduction of financial or tax indicators should be promoted, on the other, entrepreneurs should be encouraged to improve their capitalisation in order to maintain the value of their assets.

The specific situation of entrepreneurs in, for example, rural areas requires the development of innovative structures such as public-private partnerships.

4.4 A legally binding instrument should be at the core of the SBAE

4.4.1 In order to ensure that the SBAE is truly effective, the EESC asks that these measures be adopted by the Council and by the Parliament in the form of a legally binding act which will be applied at European, national and regional decision-making levels.

4.4.2 In this context, the EESC asks for an annual evaluation of the implementation of the SBAE and of all SME policies at EU and national level and that the Committee be kept informed of the progress made: this annual report must be covered by a separate specific chapter as part of the implementation of the Lisbon strategy.

4.4.3 Following these reports, the Commission must be able to issues its recommendations for implementation, both to the Member States and the regions, on which it plans to issue an opinion.

4.4.4 The EESC requests that these annual assessments lead to the modification or revision of the SBAE or SME policies, where appropriate.

4.4.5 The EESC strongly urges the Commission and the Council to involve the representative organisations of the various types of SMEs closely in the formulation and implementation of the SBAE.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

⁽³⁾ See EESC opinion 979/2008 on *International Public Procurement* (not yet published in the Official Journal).

Opinion of the European Economic and Social Committee on the 'Communication from the Commission: Agenda for a sustainable and competitive European tourism'

COM(2007) 621 final

(2009/C 27/03)

On 19 October 2007, the European Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the

Communication from the Commission — Agenda for a sustainable and competitive European tourism.

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 13 June 2008. The rapporteur was **Mr Mendoza Castro**.

At its 446th plenary session, held on 9 and 10 July 2008 (meeting of 10 July), the European Economic and Social Committee adopted the following opinion by 108 votes in favour, with five abstentions.

1. Conclusions and recommendations

1.1 The European Economic and Social Committee welcomes and commends the Commission communication entitled '**Agenda for a sustainable and competitive European tourism**'. It supports the Commission's pledge to consolidate tourism policy and strategy for the next few years in a coherent manner by means of the Agenda, thereby enabling them to be put into practice on a daily basis. This new policy has already been set out previously, in the Commission communication entitled '**A renewed EU Tourism Policy — Towards a stronger partnership for European Tourism**'.

1.2 The Committee appreciates the Commission's effort to summarise briefly a large number of documents, opinions and debates. The result is a satisfactory and clear description for the general public of the outcome of the work of the Tourism Sustainability Group, of the experts who drew up the report and the results of the ensuing public consultation exercise.

1.3 The Commission is correct to tie this new tourism policy in with the renewed Lisbon strategy and to set improving competitiveness and sustainability as its general objectives, as well as the more specific objectives of economic prosperity, social equity and cohesion, and environmental and cultural protection.

1.4 We also endorse the challenges identified in the Commission communication and the proposed means of addressing them. The proposed approach is for all players to be involved through various means of collaboration and competitive collaboration, and this involvement is considered the cornerstone of the new tourism policy and of its implementing Agenda. The scale of the challenges referred to in the Commission communication is clear and the ongoing study of greenhouse gases' implications for sustainability should in future be used as a key element for the Agenda.

1.5 The Committee considers the Commission's undertaking to implement this new policy through dialogue, collaboration, new support measures and coordination between stakeholders to be appropriate. The '**Agenda for a sustainable and competitive European tourism**' is the extension of the concrete approach and implementing measures proposed for all stakeholders in European tourism. Nevertheless, the Committee believes that the Commission, in the shape of DG Enterprise, can and must play a more active role and must take the lead in

introducing a large number of Europe-wide initiatives, such as social tourism, tourism for all and training in the field of tourism, for example. In particular, the Commission and the other institutions should make greater efforts to involve small, medium-sized and micro businesses in the task of making tourism sustainable and in the Agenda for implementing and achieving this goal. The EESC welcomes the Commission initiative to establish 'European destinations of excellence' as examples of good practice and of what can be achieved.

1.6 The Committee once again proposes and recommends boosting the European Tourism Forum and pushing forwards with discussions and a study on setting up a **European Tourism Board** and a **European Tourism Agency**. These two bodies could perhaps provide forums in which the tourism authorities and the different stakeholders in the tourism industry could come together to improve and distribute information on sustainable and competitive tourism, to monitor compliance with the policy and the European tourism agenda and in particular to attempt to discern trends in tourism and draw up the measures that need to be taken. In particular, climate change, its implications for tourism and the corresponding steps to be taken could form goals for the two bodies referred to above.

1.7 The Committee warmly welcomes the Commission's intention to improve use of the available financial instruments. One specific example is social tourism where the Committee feels that there is already sufficient scope for initiating some cross-border pooling of experience in the form of a pilot project. Examples of such measures include social tourism and 'tourism for all', better human resources, product development and market penetration. The Committee considers that there is already sufficient scope to bring together cross-border experiences in the form of pilot projects in these fields.

1.8 The EESC is pleased to note the culmination of the work carried out on Agenda 21 for tourism, the results of which, set out in the Commission communication entitled '**Agenda for a sustainable and competitive European tourism**', complete and consolidate the general policy of sustainability in European tourism. In fact, the technical document drawn up by the body created for this purpose forms the basis for and complements the Commission communication, and these two documents should, therefore, be considered in conjunction with one another.

1.9 With respect to statistics, the Committee welcomes the call for proposals launched by the Commission — and also requested by the European Economic and Social Committee — with regard to setting up a network of tourism observatories that would provide not only sectoral data, but also a strategic and forward-looking vision, anticipating and shaping future action.

1.10 The Committee is prepared to continue working on tourism along the lines set out in the Commission communication on the Agenda, and invites the other European institutions, the Member States, local and regional authorities, and sectoral stakeholders — businesses and trade unions — and the general public to be involved in understanding and supporting tourism as a universal right and economic activity with strategic importance for Europe's future. What is also needed is for stakeholders and consumers to act responsibly, in order to make tourism more sustainable and competitive.

1.11 Although the Commission communication takes account of the social factors that shape tourism, the Committee regrets the absence of any reference to the concept and reality of European citizenship; in fact tourism could go much further than it already does to help different cultures and social groups to cohere around the notion of European citizenship, which it is everyone's duty to promote and build on. The variety and diversity of cultures, languages and natural and cultural heritage in Europe's different Member States constitutes an enormous asset that can and should be used and enjoyed as a means of understanding one another and of acknowledging our rights as European citizens. Another aspect to which considerable importance should be attached in European-level discussions and documents on tourism is that of culture, given the synergies that can exist between tourism and culture, as was stated in an earlier EESC opinion.

1.12 In the process of making tourism more competitive and sustainable, account should be taken of destinations' specific features. The Committee recommends that attention be paid to the specific features of those Member States that are heavily dependent on tourism. Appropriate account should be taken of the needs of the different regions when drawing up tourism-related policies and proposals. It is recommended that the Commission's impact assessments take into consideration the potential disproportionate impact on different regions and sectors, for example, on destinations such as islands, which are heavily dependent on air transport and have no other means of transport or depend almost exclusively on air transport.

1.13 The EESC considers that the set of principles and values detailed in the Commission communication, covering sustainability, social welfare, competitiveness, cooperation, partnership, profitability, security, quality of employment, etc., actually constitute a European Tourism Model, not because they form a set of rules but because these principles and values are widely implemented throughout the European Union.

1.14 The Committee wishes to encourage the Commission to forge ahead in conjunction with other organisations on the European-level certification of knowledge and skills in the field of tourism in order to improve the quantity and quality of jobs in the industry. Support should be given to the Europe-wide Europass (covering the EU, EFTA/EEA and the candidate countries), which is a means of presenting, in a simple and easy-to-understand way, the personal skills and qualities of hard-

working job-seekers who are willing to move elsewhere in Europe for the purpose of work.

2. Commission communication

To better appreciate and understand what the Commission wishes to communicate to all European actors and institutions, we will briefly summarise the text of the communication and its main points.

2.1 Introduction to the communication

2.1.1 The challenge of striking a balance between sustainability and competitiveness. Section 1 of the Commission communication acknowledges first of all the key role of tourism in Europe's economy and its strategic importance, based not only on quantitative data but also on tourism's ability to create jobs and thus meet the objective of the renewed Lisbon strategy. It is worth mentioning the predicted growth rate of above 3 %, which clearly makes a sound contribution to the aims for employment, but which — in some cases and in the long term — could also lead to the limits imposed by sustainability requirements being exceeded.

2.1.2 Competitiveness and sustainability: two compatible requirements. The Commission communication clearly states that competitiveness depends on the sustainability and quality of the tourism experience and makes an explicit reference to the demands that climate change is making on the tourism industry. Corporate social responsibility can make a decisive contribution, by adopting measures to adapt to and combat climate change whilst promoting innovation and the value of tourism products for a world facing major challenges at the global level.

2.2 Substance of the Agenda. With its communication, the Commission proposes to strike a new balance between the welfare of tourists, the environment and the competitiveness of companies and destinations. This is a balance that needs to be achieved by all the stakeholders concerned.

2.2.1 Objectives and challenges. As a guideline for the action of all stakeholders concerned, the communication puts forward three basic objectives for the Agenda: economic prosperity, social equity and cohesion, and environmental protection.

The communication lists some of the major challenges that will have to be addressed if these aims are to be achieved:

- sustainable management of natural and cultural resources;
- minimising resource use and pollution;
- managing change in the interests of the well-being of the community;
- reducing the seasonality of demand;
- addressing the environmental impact of transport;
- making tourism accessible to all;
- improving the quality of jobs in tourism;
- ensuring the safety of tourists and of the communities where tourism services are offered.

This list of challenges is open and fluid and should be continually updated, prioritised and managed by the various stakeholders in a spirit of cooperation.

2.2.2 A framework for action. The communication suggests that coherent measures to meet the aims and challenges will involve securing the collaboration and responsible management of destinations, businesses and tourists and sets out the conditions for achieving this coherence.

2.2.3 Principles. The communication puts forward a total of nine principles that need to be complied with if this sustainable and competitive tourism is to be achieved. Three of them should be highlighted:

- Respect the limits that can be set for carrying capacity, facilities and the volume of tourist flows.
- Achieve a pace and rhythm of development that is appropriate to the natural, cultural and social resources available at any given time.
- Implement long-term planning as a prerequisite for striking a balance between sustainability and competitiveness.

2.3 Moving forward together. In this section, the Commission underlines the need for all stakeholders in the sector to unite their efforts and work on a voluntary and continuous basis. The model proposed is based on respecting the principle of subsidiarity, with action ideally being taken by the destinations themselves but with support from the national and European levels. The communication therefore highlights both the role of the different stakeholders in the sector and that of the European Commission, in light of the Treaty.

2.3.1 The role of stakeholders. Following up the conclusions of the Tourism Sustainability Group, the communication assigns broad responsibilities and specific roles for the three areas of action: destinations, businesses and tourists. Particular reference is made to the need to express and convey to micro-businesses the core message of achieving a balance between sustainability and competitiveness.

2.3.2 The role of the European Commission. The Commission acknowledges its responsibilities to act in accordance with the Treaty and undertakes to launch and boost a number of different initiatives at Community level within the framework provided by the Agenda and beyond. Amongst these initiatives, four groups of action warrant special attention:

- Mobilising actors to produce and share knowledge, with the aim of striking a balance between sustainability and competitiveness. The European Tourism Forum is a good example of how ideas and experiences can be exchanged.
- Promoting and supporting European destinations of excellence as examples of good practice and publicising these as networks of destinations committed to sustainability and competitiveness.
- Making use of the EU's highly diverse financial instruments. The Commission undertakes to disseminate information on improving their use in the field of tourism.
- Mainstreaming sustainability and competitiveness into Commission policies and applying these to the wide range of regions with very different concerns and needs: coastal regions, mountainous regions, rural areas and urban zones.

2.4 Conclusion of the communication

The communication concludes by calling for full collaboration between all public and private players in the adoption and practical implementation of the Agenda. Once more, the recommendation that collaboration should be established at every level is a precondition for improving competitiveness, which will ensure an attractive and sustainable European tourism sector in the long term. The Commission recommends 2011 as the date for evaluating the action plan set out in the Agenda. The Commission's objective in presenting the communication is thus quite clear.

3. General comments

3.1 Tourism and its strategic importance for the European economy have been recognised by all the European institutions in both formal and informal statements on the subject, thus strengthening its role, conveying the message to all stakeholders and providing a major boost to the sector. Tourism's importance transcends purely economic considerations because it is central in social terms to constructing a citizens' Europe. Whilst recognising the boost provided by the communication, much remains to be done to ensure that tourism takes on this key role in European policy, both now and in the future.

3.2 It is particularly crucial to point out that the new Lisbon Treaty acknowledges tourism's importance to Europe and gives the European Union further options to help develop the sector. This Treaty confers on the EU the authority and the duty to support, coordinate or complement the action of the Member States and the objectives of encouraging the creation of a favourable environment for the development of undertakings in this sector and of promoting the exchange of good practice.

3.3 Tourism has been addressed in the different European institutions as follows.

- The **European Parliament** has adopted a series of very different resolutions on tourism and its impact on employment and the economy, for instance the Resolution on 'Tourism and Development' and the Resolution on 'Prospects and new challenges for sustainable European tourism'.
- The **Council of the European Union** has addressed tourism on a number of occasions in conclusions and action plans, basically to emphasise the need for sustainability, competitiveness and job creation in tourism. Special mention should be made of the Council conclusions of 7 July 2006 on the Commission communication on the new EU tourism policy; the Council welcomes this policy and calls on the Commission to play an active role in coordinating various policies.
- The **European Commission** has published various communications, especially the communication of March 2006 outlining the new EU tourism policy; set up, consolidated and managed the European Tourism Forums; held conferences on various topics, such as social tourism and the Agenda 21 for European Tourism; and organised many other activities, such as the pilot project entitled 'European Destinations of Excellence', which recognises and promotes good practices carried out in EU Member States and in the candidate countries.

- The **Committee of the Regions** has presented opinions, for example on the Commission communications 'Working together for the future of European tourism' and 'Basic orientations for the sustainability of European tourism'.
- The **European Economic and Social Committee** has always taken and continues to take a particular interest in tourism-related matters, as evidenced by some 11 opinions adopted on tourism since 1999, the Committee's active participation in various European Tourism Forums convened by the Commission, and its involvement and promotion of numerous events on various aspects of tourism. Of particular interest is the cooperation between the EESC and other bodies on all the initiatives that they have launched in relation to tourism.

3.4 The present EESC opinion is intended to be an evaluation of the communication's contributions to policy and the way in which it is managed; it also aims to make proposals that enrich if not the text itself, then at least the debate on it.

3.5 Similarly to the EESC opinion INT/317 on the Commission communication on the renewed tourism policy, this opinion wishes once again to state that:

- tourism is a right of every citizen, as set out in the Global Code of Ethics for Tourism, and brings with it an obligation to conform to good practice;
- it is a right that also generates direct and indirect wealth and profitability, in particular for small and medium-sized businesses, and is thus a strategic industry for Europe which has proved sound;
- the quality of services provided by operators in the sector and the responsibility of users towards local communities are values that we must maintain as the basis for its continuing existence;
- tourism has, or should have, a positive impact on local and regional economies, as well as on social, cultural and environmental conditions and the urban environment, and thus provides a means of understanding other cultures and different ways of being and behaving; it also acts as an instrument for interregional cooperation;
- tourism is a dynamic sector and major source of employment now and for the future, with the potential to create good quality, stable jobs with social rights;
- tourism is not immune from problems such as overcrowding and seasonality, which lead to a loss of competitiveness;
- we believe in the practical importance of an Agenda for a sustainable and competitive European tourism that is clear-sighted and has ambitious objectives;
- the European tourism model is an internal necessity and could serve as a global point of reference if it is based not on rules but on values of quality, sustainability, accessibility, etc., which are freely taken on board by tourist destinations and all stakeholders;
- the European tourism model is based on and enriched by the variety of destinations, by the different approaches to tourism, and by the diverse forms of tourism;

- this European tourism model that we are advocating is an effective instrument for promoting peace and understanding between peoples.

4. Specific comments

4.1 The Commission communication gives a clear explanation of the proposal regarding the need for balance between sustainability and competitiveness and of how to achieve this in practice. Incorporating all this into a rather short communication certainly involved considerable work to summarise the material and required analysis of many documents, opinions and debates. It should be emphasised that the ultimate aim of clearly informing society about the Commission's basic views on the future of the sector and about the measures to be carried out in this complex industry has been achieved.

4.2 The arguments presented in the communication in support of the Agenda seem appropriate, in that they assess both the economic impact of tourism and its ability to create jobs for young people and also the necessary balance between sustainability and competitiveness which, in the long term, are of mutual benefit to one another. Impact assessments of matters such as the carbon footprint of different activities and regions or restrictions on carrying and reception capacity are key aspects of striking and maintaining a balance between these variables. Universal acceptance that there are limits to the scale and pace of tourism is essential to achieving balance between sustainability and competitiveness.

4.3 Perhaps it would have been useful for the communication also to analyse the new Lisbon Treaty in greater detail, trying to see how it ties in with the Agenda and what its significance for implementing the new European tourism policy is. It should not be forgotten that the Member States and the regions have repeatedly indicated that they wish to maintain their responsibility for tourism, but still allow the European Union to play a catalytic and coordinating role in certain areas of joint interest so as to improve the competitiveness of Europe's tourism sector. One example is the setting-up and management of an internet portal to promote Europe as a tourism destination, which has already become a valuable tool that can showcase all EU countries together as forming a diverse and special tourist destination.

4.4 The challenges and aims mentioned in the communication are certainly the most important ones that will be faced by tourism in the coming decades. Certainly the key challenges of sustainability and improving competitiveness are broad enough to serve as the basis for addressing other major challenges, such as enhancing quality, reducing seasonality or improving the skills of people working in the tourism industry. These challenges are also set out in the Agenda.

4.5 The communication repeatedly calls for collaboration, because, in line with the new tourism policy, strengthening collaboration is proposed as its linchpin and hallmark. It is particularly important to emphasise the role of the trades unions and employers' organisations, which must be included in cooperation arrangements, and asked to take part in all debates and forums, and in the implementation of general measures to improve the tourism sector. By the same token, it would be useful to promote permanent networks of tourist destinations and cities, motivated by the joint aim of improving

competitiveness and sustainability. The Committee welcomes the promotion of the 'European Destinations of Excellence' and urges that this idea should include proper management of social and labour relations and participation of trades unions and employers' organisations at the selected destination, as a means of making tourist destinations more sustainable and competitive.

Within their remit, consumers' organisations have an extremely important role to play.

4.6 The Commission undertakes to implement this new policy on the basis of cooperation, specific new specific support measures and coordination between actors. The Agenda clearly wishes to see all stakeholders in the sector taking on greater responsibility. Into the Committee's view, the Enterprise DG has a key role to play in this task of coordinating all European policies that directly or indirectly affect tourism and which affect the different types of destination that also have their own specific features.

4.7 The Committee also considers that the Commission should play a more active role in introducing Europe-wide initiatives, including cross-border social tourism in Europe. Here in particular, the EESC has on several occasions proposed — and now proposes once again — boosting the European Tourism Forum and pushing forwards with discussions and, if necessary, a study on setting up a **European Tourism Board** and a **European Tourism Agency**, which would provide information and action on policies and measures adopted in the field of European tourism. It is also proposed that the Commission promote research into setting up technology platforms in the tourism sector, in order to improve the ways in which tourism is marketed, especially given the opportunities to boost internal tourism in Europe and potential sources of new tourists, such as China, Russia, India, etc.

4.8 The Committee considers that the communication does not pay adequate attention to the role of Information and Communication Technologies (ICTs) in the new scenario for tourism, both from the perspective of consumers and of businesses and stakeholders in the sector. Research and development work in the tourism industry to improve the use of such technologies must be a priority in the next few years. This work will undoubtedly lead to improved management of destinations, businesses and tourists, gradually achieving the sought-after balance.

4.9 The evident willingness to adopt concrete measures and in particular to improve the use of the available European financial instruments is important, but there is a need for a programme to be proposed for the precise purpose of implementing the major European tourism objectives, which the

communication accurately identifies. It must be ensured that all the funds directly or indirectly allocated to tourism are used effectively and efficiently to achieve the objectives.

4.10 This communication should be viewed in the context of the major contributions made by the report by the Tourism Sustainability Group — a document that has provided significant ideas for the Agenda, in particular with regard to assigning roles to all of the sector's stakeholders. The efforts made by renowned experts over several months have clearly been very productive and provide complementary and practical approaches to a number of questions relating to sustainability and competitiveness.

4.11 The communication does not clearly indicate the role it assigns to tourism statistics. There is a need for clear collaboration on tourism statistics in order to monitor the Agenda's implementation and in particular for greater attention to be paid to the variables of sustainability, competitiveness and employment.

4.12 The communication clearly states the need to mainstream tourism policies for sustainability and competitiveness into all Commission and EU policies in order to ensure that the aims set out in the Agenda are met.

4.13 As already observed in the EESC opinion entitled the Katowice Declaration, and in the opinion on 'Tourism and culture: two forces for growth', in the opinion on 'The renewed tourism policy' and other EESC documents, communication campaigns are also called for to inform and motivate all European citizens, in particular young people.

4.14 The Committee considers it to be crucial that training, both formal and 'on-the-job', meets the needs of businesses and makes people more employable. European-level certification and recognition of knowledge and skills should be an instrument that helps to generate more jobs and better working conditions in the tourism industry.

4.15 In order to make tourism more competitive and sustainable, account should be taken of destinations' specific features. The EESC recommends that, when drawing up tourism-related policies and proposals, attention be paid to the specific features of those Member States that are heavily dependent on tourism and that appropriate account be taken of the needs of the different regions. At the same time it should be noted that tourism to remote destinations may have a particularly strong impact on climate change through the impacts and emissions from long distance travel. Greater emphasis may need to be placed in future on the advantages of seeking destinations nearer to one's starting point, which can be reached with less carbon emissions.

Brussels, 10 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

APPENDIX

to the Opinion of the European Economic and Social Committee

The following text from point 4.15 of the Section Opinion received at least 25 % of the votes cast but was adopted in a modified form by the plenary:

'4.15 In order to make tourism more competitive and sustainable, account should be taken of destinations' specific features. The EESC recommends that, when drawing up tourism-related policies and proposals, attention be paid to the specific features of those Member States that are heavily dependent on tourism and that appropriate account be taken of the needs of the different regions.'

Outcome of the vote:

In favour of adding a new sentence: 48 Against: 43 Abstentions: 16

Opinion of the European Economic and Social Committee on the 'White paper on the integration of EU mortgage credit markets'

COM(2007) 807 final

(2009/C 27/04)

On 18 December 2007 the European Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the:

White paper on the integration of EU mortgage credit markets.

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 11 June 2008. The rapporteur was Mr Grasso.

At its 446th plenary session, held on 9 and 10 July (meeting of 9 July), the European Economic and Social Committee adopted the following opinion by 123 votes to one with five abstentions.

1. Assessment and recommendations

1.1 Once again the Commission has asked our Committee to draw up an opinion on the integration of mortgage credit markets for the purchase of residential and other buildings, i.e. on the White paper on the integration of EU mortgage credit markets.

1.2 Usually White Papers are the outcome of a quasi-definitive and structured policy analysis of 'what to do'. This is not the present case. Indeed, the Commission has to analyse many issues that are still uncertain, such as common investment funds, financial services providers, product tying, etc. In total, 14 aspects are considered.

1.3 As a result, the White Paper does not represent a completed process but, on the contrary, remains open due its effective and noticeable complexity. Why then has another opinion been requested, given that the White Paper adds nothing new to the Green Paper, and that the EESC has already adopted an opinion on the Green Paper?

1.4 This is an issue that, over the years, has been repeatedly tabled for discussion without the Commission finding a way forward and making a proper decision that overcomes the cultural, legal, administrative and other barriers, which the EESC considers to be the real obstacles to the Commission's objectives.

1.5 The EESC opinion on the Green Paper ⁽¹⁾, adopted in plenary in December 2005 with only one abstention, remains entirely relevant.

1.6 The White Paper still paints a highly variegated picture of the sector due to the cultural, legal, legislative and socio-ethical specificities that purchasing property, and especially residential property, has in respective Member States.

1.7 Nevertheless, the EESC, albeit unsure about the real possibility of integrating and harmonising the EU mortgage credit market, which presents so many specificities and profoundly different characteristics (Burani opinion, 15.12.2005 ⁽²⁾), endorses in principle the Commission's attempt to establish 'rules', whether optional codes of conduct (i.e. best practice) or binding.

1.8 Nevertheless, the measure may be considered as excessive if the intention is to reconsider the equally positive opportunities already inherent in the regulatory automatism of the mortgage credit market today.

1.9 In the meantime, the EESC recommends that the Commission should take steps to analyse in greater detail areas (e.g. credit registers, foreclosures, the dissemination of financial literacy) that do not present undue difficulty, always provided that this would be worthwhile.

1.10 The EESC believes that under the Commission's orientation, the measure still places **undue focus on the possible short-term benefits** of introducing new rules based on somewhat partial interpretative schemas of the mortgage credit market. A short-term approach serves to lower the cost of financing mortgages without, however, concerning itself with the effective benefit that EU citizens might derive from existing financial products and innovations affecting these products.

1.11 The EESC maintains (as also stated in the Burani opinion) that the framework proposed by the Commission is not properly aligned with continuous market developments; it is therefore concerned about the long-term consequences for more vulnerable contracting parties, i.e. those consumers most in need of protection.

⁽¹⁾ OJ C 65 of 17.3.2006, rapporteur: Mr Burani.

⁽²⁾ OJ C 65 of 17.3.2006, p. 113, rapporteur: Mr Burani.

1.12 The EESC welcomes the fact that a link has been established between the current mortgage credit rules and the need for consumer protection. These are laudable intentions worthy of encouragement provided that they are designed to foster greater financial literacy on the subject of mortgage credit. The Commission's intention to **take steps to strengthen transparency rules** in order to enhance consumer protection is therefore to be commended.

1.13 However, at the same time, **imposing, at all costs, general rules for assessing the risk** presented by prospective borrowers may prove to be a difficult and uncertain undertaking.

1.14 The EESC believes that consumers must be protected during mortgage negotiations but that borrowers must not lose sight of their responsibilities vis-à-vis the lender.

2. Gist of the Commission document

2.1 On 18 December 2007, the impact assessment {SEC(2007) 1683} accompanying the White Paper on the Integration of EU Mortgage Credit Markets was published. Three annexes were appended to the document: i) mortgage market characteristics ii) process iii) impact assessment on specific issues.

2.2 Although {SEC(2007) 1684} constitutes an excellent summary of the documents, in the interest of brevity, there are a few key points worth emphasising in the document in respect of which a new EESC opinion has been requested:

- a **highly fragmented picture** is painted due to the cultural and legislative specificities and — above all — the socio-ethical value that home ownership has in respective Member States;
- all the **sensitive aspects of the issue**, including economic and financial considerations, are reaffirmed, given the real estate market's importance for EU economies, not to mention the contribution that mortgage investments make to the banking sector's profitability; and
- emphasis is placed on how in the current fragmented situation, use could also be made of a **new legislative proposal** to promote greater market integration.

2.3 Thus, the Commission document takes up the points already studied in the earlier Green Paper on mortgage credit. It could not have been otherwise since the new document is about the integration of EU mortgage credit markets and the relevant impact assessments previously mentioned.

2.4 Nevertheless, the EESC adopted an opinion on the Green Paper on 15 December 2005 (rapporteur: Mr Burani), and to all intents and purposes, the EESC's position on the subject is set

out in that opinion. In this opinion, the EESC will focus on two new points raised by the Commission:

- giving its own opinion on the intended measures proposed by the Commission in the light of impact assessments carried out in relation to the White Paper ⁽³⁾; and
- drafting proposals, as requested by the Commission when it concludes that 'a comprehensive monitoring and evaluation programme can only be developed once detailed proposals have been made' ⁽⁴⁾.

3. EESC comments on the White Paper

3.1 The White Paper raises numerous issues to be solved, on which the EESC has been asked to give an opinion. These can be brought under eleven thematic headings:

- 1) choice of required product;
- 2) early repayment;
- 3) product mixes;
- 4) credit registers;
- 5) real estate valuations;
- 6) real estate enforcement measures/forced sales procedures;
- 7) national registers;
- 8) applicable law;
- 9) rules on variations in interest rates, and so-called usurious interest rates;
- 10) mortgage credit financing;
- 11) non-banking and service institutions.

3.2 Comments on specific points in the impact assessment

3.2.1 **Pre-contractual information.** In order to reduce information imbalances during the pre-contractual stage, the EESC considers it important to circulate and disseminate information and raise awareness on specific mortgage credit issues. This should not incur further costs for citizens.

3.2.1.1 Increasing information and disseminating financial literacy are prerequisites for the efficient assessment of the cost-benefit ratio of a risk situation. Indeed, the best way to prevent contracting parties from assuming undue risk is to provide them with effective knowledge of these very risks.

3.2.1.2 The EESC believes that it is important to stress that the rules and binding provisions should cover **methods for circulating information** and provision of possible penalties for breaching them. Nevertheless, the EESC believes that imposing a *sic et simpliciter* obligation on one contracting party would merely have the effect of inciting that party to try to offset this obligation by shifting the burden onto the other party.

⁽³⁾ See Annex II of the White Paper, the disclaimer on page 5 of the EN version.

⁽⁴⁾ See Annex II of the White Paper, point 8.

3.2.2 Codes of conduct. The EESC believes that incentives should be created to encourage adherence to the voluntary code of conduct.

3.2.2.1 This would give borrowers a clearer understanding of the risk they may be undertaking, and of their chances of obtaining favourable financing conditions.

3.2.2.2 The measure that springs to mind could involve making it compulsory for borrowers to answer a list of standard **self-assessment queries on their medium to long term ability to meet the financial commitment.**

3.2.3 Cost rate. The EESC believes that it is appropriate for lending institutions to disclose the total cost of the loan and provide a cost breakdown of its various components, including the fiscal variable.

3.2.4 Consultancy. The EESC believes that consultancy services strictly linked to mortgage credit should be enhanced via independent pricing mechanisms, albeit set out in the calculation of the total cost of the transaction.

3.2.5 Early repayment

3.2.5.1 Applicability. With regard to the issue of early repayment, a distinction should be made between (i) total or partial early repayment of the mortgage and (ii) early terminations relating to opportunities for negotiating more favourable conditions of cost with other financial institutions.

- In the first case, the EESC considers it important always to allow early repayment, including early partial repayment.
- In the second case, however, it considers that the loan contract should be transferred to another financial institution.

3.2.5.2 Cost. With regard to the issue of early repayment, the EESC believes that costs should be calculated according to the appropriate mathematical formulae and must, under law, be spelt out in contractual relations. **Costs should only be charged to the client in case of voluntary repayment of the credit. In case of contract termination, costs should be charged to the successor financial institution.**

3.2.6 Product tying. In order to be valid, product tying should depend above all on the ability to demonstrate the effective utility of tying the product. The EESC believes that this issue could be solved by obliging lenders to present cost-benefit calculations and giving borrowers a reasonable period of time to decide whether to accept the proposal, possibly even after the loan contract has been signed.

3.2.7 Credit registers. The EESC agrees on the need for a pan-European register, access to which would be regulated by specific privacy laws. Indeed, the EESC believes that setting up a

pan-European credit register could also serve to heighten competition between mortgage lenders across Europe. In any case, cross-border access to the registers of all Member States should be facilitated by simplifying information procedures.

3.2.8 Property valuation. The basic premise is that property valuation is more complex than generic financial valuation. Indeed the specific nature of real property (notably, that it is immovable) determines its usefulness, and moreover, other external factors relating to its location influence its valuation. These factors include:

- morphology,
- transport services,
- population density, etc.

For this reason, it is pure idealism to believe that all these valuation factors can be summed up in a single formula.

3.2.8.1 Criteria for property valuations. The EESC therefore emphasises the complexity involved in real estate valuations arising from the abovementioned factors and does not consider it useful to define a specific blanket formula for property valuations. A better alternative would be to **develop local best practice** and strengthen the obligation for valuations to be carried out by operators accredited by the competent professional associations in their sector, who would also assume responsibility for the fairness of a given proposal.

3.2.8.2 Property risk valuations. The EESC is also of the opinion that property valuation should be accompanied by a volatility assessment vis-à-vis the identified value, in order to provide a more accurate evaluation of the guarantee offered by the property. The EESC also recommends applying instruments already in use by financial market operators and, for the most part, already established under other EU provisions such as, for instance, value-at-risk ⁽⁵⁾.

3.2.9 Foreclosures. If mortgage credit is split into an asset-backed loan and a personal loan, then we also need to distinguish between the financial beneficiary of the property and the owner providing formal guarantees.

3.2.10 Applicable law. The EESC believes that opportunities for profitable arbitrage between the different advantages offered by the civil and fiscal laws of individual EU countries would serve as a driver for otherwise unachievable market integration.

3.2.10.1 For this reason, the EESC is broadly in favour of leaving existing Member State legislation unchanged and allowing contracting parties to choose the one that cuts the loan transaction's overall costs, as already set out in the Rome Convention ⁽⁶⁾.

⁽⁵⁾ See the Markets in Financial Instruments Directive (MiFID), i.e. Directive 2004/39/EC, which was adopted on 21 April 2004, and which was published in the Official Journal and came into force on 30 April 2004.

⁽⁶⁾ See COM(2005) 650 of 15 December 2005.

3.2.11 Usurious interest rates. The EESC reiterates its previously expressed views on this issue, especially with regard to the extreme difficulty involved in defining a usurious level of interest correctly by applying a regulatory framework set up for consumer credit. Nevertheless, it should be stressed that information remains the best defence against usury. The EESC therefore advocates setting up communication instruments on a vast scale to provide information about the risk premium bands applied to different categories of borrower risk.

3.2.12 Refinancing mortgage credit. The EESC believes that the White Paper's approach, which seeks to differentiate between refinancing rules on the basis of the subjective nature of the intermediaries (distinguishing between banking and non-banking institutions) is far too easy to circumvent.

3.2.12.1 Non-banking and service institutions. Mortgage lending should always be carried out by regulated and monitored banking institutions. Promotion and support from intermediaries (e.g. consultancies) are acceptable if provided by qualified institutions even if they are non-credit institutions.

4. EESC proposals to be developed

4.1 The recent sub-prime mortgage crisis in the United States has revealed how the volatility of property prices combined with poor client-risk assessment practices with respect to non-payment of instalments that are out of proportion with the actual value of the mortgaged property itself, can generate a financial crisis serious enough to destabilise the entire system. For this reason, any EU action should draw on this experience as well as on the comments made under the previous point.

4.2 Introducing a twenty-eighth system for regulating mortgage credit to complement the ones that already exist in EU Member States, as suggested in the White Paper, could contribute to the integration of the EU mortgage credit market by increasing choice for the contracting parties without, however, creating the conditions for destabilising the financial system revealed by the sub-prime mortgage crisis.

4.3 It is common for real estate purchase choices, especially where homes are concerned, to be influenced in part by emotional (i.e. subjective) factors that have nothing to do with a proper and rational assessment of a property's value (i.e. objective factors). Thus, the effectiveness of any measures proposed by the Commission on mortgage credit cannot be separated from the reference context (objective as well as subjective).

4.4 It would therefore be interesting to develop a proposal, which the EESC could analyse further, and which would consist in adopting an interpretative schema for mortgage credit that subdivides each loan transaction into a portfolio of two passive components:

- firstly, an asset-backed loan, the value of which is based on the market price and possible property value fluctuations; and
- secondly, a prospective loan (personal loan), the value of which is based on the borrower's economic/financial capacity and prospects.

4.5 Adopting a twin-mortgage system could have a number of advantages to be verified during further analysis, including:

- simplifying the risk assessment of the rational aspect of the transaction (asset-backed loan) vis-à-vis the risks associated with the mortgagee's solvency (prospective personal loan);
- the possibility of establishing transparent prices that reflect the various risk levels represented by the two components of the loan transaction (objective asset-backed loan and subjective personal loan); and
- reducing the adverse impact on the financial system in the event of mortgage defaults by an excessive number of borrowers, contrary to the impact recently experienced by the financial market (i.e. the sub-prime mortgage credit crisis).

4.6 The EESC hopes that the Commission will bring this process to a conclusion as soon as possible, showing greater determination and creating conditions whereby the separation of the institutional aspects could be the basis for launching a twenty-eighth system.

Brussels, 9 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

Opinion of the European Economic and Social Committee on 'Developments in the construction sector in Europe'

(2009/C 27/05)

On 6 December 2007, Ms Margot Wallström, Vice-President of the European Commission and Commissioner for Institutional Relations and Communication Strategy, and Mr Günter Verheugen, Vice-President of the European Commission and Commissioner for Enterprise and Industry, requested the European Economic and Social Committee to draw up an exploratory opinion on

Developments in the construction sector in Europe.

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 13 June 2008. The rapporteur was **Mr Huvelin**.

At its 446th plenary session, held on 9-10 July 2008 (meeting of 10 July), the European Economic and Social Committee adopted the following opinion by 57 votes to none, with two abstentions.

1. Conclusions

1.1 Contrary to what some might believe, the future of the construction industry will depend less on the public spending it receives (although greater continuity in programming would definitely not go amiss) than on the ability of the relevant authorities to work out a regulatory framework, applicable to all, that ensures maximum transparency in competition and the best use of the potential and know-how of businesses of every size.

1.2 In view of the above, the main recommendations of this opinion are as follows:

- putting in place unified tender procedures by means of regulations as soon as possible; especially in the public sector, such procedures should give clients as broad and clear-cut a choice as possible, so that they can choose contractual tools to suit their needs;
- giving construction professionals regulatory scope to substantially contribute to the challenges of sustainable development: through the use of the overall costs approach, public-private partnerships of all sizes, and financing based on expected performance, both small and large business are ready to meet these challenges;
- improving the construction sector's image to make it more attractive to young people in education so that more of them enter the profession;
- making major efforts to promote training for trades accounting for a substantial percentage of European jobs which are not at risk of relocation;
- promoting sustainable construction activity in the EU;
- maintaining a healthy economic environment and employment conditions in line with people's needs in the countries where they work;
- boosting European competitiveness.

1.3 These are the only ways of preparing for the likely arrival in the near future of competitors from outside Europe.

2. Introduction (background)

2.1 In a letter dated 6 December 2007, European Commissioners Margot Wallström and Günter Verheugen requested the EESC to help advance the Lisbon Strategy by undertaking an exploratory opinion in order to examine whether legislation regulating the construction and the business services sector 'form a coherent whole; whether they are geared towards change, both ongoing and forthcoming; and, finally, the extent to which it may be necessary to launch a process of simplification, streamlining and modernisation of the legislation in these areas. It should be clarified that the exercise could extend to any other legislation that has a bearing on the development of the sector (health and safety at work, environmental protection, etc.), and the legitimate interests at the heart of the sector should be integrated into the analysis'.

2.2 Consequently, all the points raised in the request for an opinion must be examined meticulously and systematically, since this is a vast topic and one which had earlier been the subject of several studies carried out by external consultants at the Commission's behest.

2.3 The present opinion, however, will confine itself to those aspects signalled by the requestor, namely changes or simplifications in legislation and rules governing the sector which should be made as part of an impartial and strategic inventory of the construction industry and serve to improve the conditions within which it operates and moves forward.

2.4 To this end, the opinion recaps a few useful facts about the sector to put the construction trades and constraints upon them into context.

3. The position of the construction industry in the European economy

3.1 Some figures for the construction industry, which comprises 2.7 million businesses, in the EU-27 in 2006:

	2006
GVA share of GDP	10.5 %
Share of wages in the sector's GVA	54.5 %
Share of the sector's GFCF in total GFCF	50.5 %
Sector's share in total employment of all sectors ⁽¹⁾	7.2 %

⁽¹⁾ The construction sector accounts for 30.4 % of jobs in industry. Sources: Eurostat and FIEC.

3.2 A few facts

3.2.1 Since the construction sector cannot be relocated, it is an integral part of Europe's future growth and its industrial fabric.

3.2.2 The very nature of what it produces and its need to have fixed bases — deeply rooted in local life — in every country means that it performs a social and civic role which should be kept in mind and fostered.

3.2.3 The construction sector must play an important role in all initiatives bearing on sustainable development:

- since it is a necessary conduit of investment (housing, buildings in general, transport, energy production, etc.) made on this front;
- by adapting its working methods, including those of the materials sector, to the needs and demands of sustainable development.

3.2.4 No broad view of the sector as a whole would be complete without mentioning the sector's image, which is still to some extent poor despite the best efforts of the profession over more than thirty years. This is something the opinion should address, because it is reflected in:

- the spirit of the provisions in some countries governing public procurement and the treatment of illegal employment;
- a clear difficulty in recruiting young people (direct attractiveness) and their training (mistrust of building and public works training by the training system as a whole).

3.2.5 The very nature of these trades, in terms of both the needs of clients and the diversity of skills involved, means that the market is extremely fragmented and will remain so for years to come. As a result, there will always be cohabitation between craftsmen, small, medium-sized and large companies.

The notion that this sector is all about big companies that only deal with large projects must be put into context: operations with a unit value over EUR 20 million account for no more than 2 % to 5 % of the total European construction market.

3.2.6 The large European groups that often feature prominently on the world stage are for the most part 'federations' of very locally based small and medium-sized organisations that operate in the same competitive environment as local independent SMEs.

3.2.7 Generally speaking, the large European players in this sector have not evolved on what might be termed the 'American' model, but have managed to sustain and develop their know-how by relying on their own acumen and participating in the conception of projects.

3.2.8 It is thanks to this approach that European businesses have carved out a place for themselves on the world markets. Nor is this model, based on integrating conception and execution, necessarily the prerogative of large groups: it can and must also be applied to companies of all sizes.

4. Some basic principles

4.1 The challenge for this exploratory opinion requested by the European Commission must be to propose not only a streamlining of legislation, but also a course of action which:

- ensures true transparency and equality of opportunity in tenders;
- brings about a shift from an outdated culture of mistrust to one of confidence and partnership;
- includes the most economically advantageous bid and overall cost for the lifetime of works;
- guarantees intellectual property rights;
- ensures that minimum conditions of employment are specified in procurement procedures and that checks and penalties are in place for infringements;
- cuts red tape by keeping regulation and procedures to a minimum while maintaining the security aspects and the essential rights and obligations of the contracting parties.

4.2 Except in the case of fluctuations in the volume of markets (which is beyond the scope of this opinion), these various elements that should be incorporated into regulation should enable construction sector players to develop in an orthodox manner and so ensure that a coherent social policy (jobs — security — salaries) is followed and the sector is made more attractive for the various parties concerned (young parents, teachers, etc.).

5. Main proposals

5.1 The key areas where we think the relevant authorities should focus their efforts are these:

- unification and simplification of public procurement procedures to ensure both transparency and the best use of resources and powers;
- encouraging innovation with rules to cover, for example, the intellectual property rights of ideas and variants;
- both initial and career-long training of workers;
- contribution to changing the image of this sector, which provides jobs for young people;
- rules in the social sphere to govern both employment conditions and good health and safety practices;
- sustainable development in the widest sense of the term — an area in which construction businesses have a large part to play and fresh responsibilities to assume.

5.2 Unification and simplification of procurement procedures

5.2.1 Action could be taken in the following areas:

- transforming legislation on tenders into **regulations** to replace the current directives so that the procedures at European level are truly unified, with a level playing field for competition;
- more systematically preferring the best bid over the lowest bid;
- giving competitive dialogue a more rigorous framework for the contracting entities so that it really is a procedure for getting the best and not a systematic plundering of ideas and intellectual property;
- encouraging a 'from concept to execution' approach that combines company know-how and creative talent from the conception stage;
- making greater use of overall contracts (for construction and maintenance, or PPPs) to meet the challenge of sustainable development and prepare and mount an adequate response to the attempts of some countries to dump on the European market;
- putting in place genuine harmonisation of standards and technical aspects in order to dismantle technical barriers at national level and unify the European market;
- taking into account the needs of SMEs in order to enable them to survive, maintain their staffing levels and so avoid excessive bipolarisation within the sector.

With regard to this list, it should be made clear that the response to calls for regulatory change should not be to impose ready-made solutions but to provide contracting entities with a complete toolbox which they can use in line with their needs.

5.2.2 Taken as a whole, these modifications or adaptations should encourage transparency and a level playing field between

private, public and quasi-public entities and make it quite clear that any funding is conditional on a tender and a formal contract.

5.3 Innovation and intellectual property rights

5.3.1 What sets the construction sector apart is that everything it produces is a 'one-off'. This is why we should have European legislation that protects intellectual property and recognises the special nature of the ideas to be protected, namely that they are conceived for a particular tender and will not necessarily be systematically reproduced. Specific legislation should be put in place at European level to protect technical ideas in the competition process and establish rights to protect tenderers.

5.4 Training

5.4.1 A point commonly made by construction professionals in most Member States is that in general the needs of the sector are only very poorly met by most national educational systems, at all levels of training. In view of this, while relations need to be improved between the trades and education systems at national level, there should also be an impetus at European level, for instance by:

- supporting legislation on training to promote building and public works in Europe (recognition and equivalence of certification of training at all levels);
- helping to improve skills levels by promoting lifelong learning. As the sector is known to be under pressure, it has a poor image among young people and a hierarchical gap in its career structure. It badly needs know-how, since construction jobs have come to require qualifications, even high qualifications, and a solid knowledge base. This should subsequently be enhanced by businesses giving their staff access to further training and thus opening up careers to them;
- extending an Erasmus system for various levels of training in building and public works throughout Europe by taking advantage of the pool of accumulated experience, small though it is (with ESF support, in the following three sectors: painting, stone cutting, and the renovation of old buildings);
- promoting European universities for building and public works trades and recognising a European title of craftsman;
- promoting training facilities for project managers in Europe so that the public and private clients of companies have a better knowledge of contracts and what companies actually do;
- developing facilities to provide European inter-company further training;
- promoting European qualifications (e.g. languages).

5.5 Health and safety regulations

5.5.1 Current regulations have had a very beneficial and very profound influence on working methods in the construction sector. Nevertheless, it would be good to:

- encourage the pooling of best health and safety practices;
- combat illegal work by action throughout Europe (such as consultation and networking of data bases, ID passes and systems to identify workers), and by introducing penalties and appropriate fiscal measures such as reduced-rate VAT;
- facilitate the implementation of the REACH regulation;
- facilitate the flow of workers without social dumping (accepting the formalities already in place in the Member States in relation to secondments) and enable European workers to return to their country of origin;
- ensure that fines can be enforced throughout all EU Member States;
- accept the conditions of the country where the work is done as the basis for any form of employee mobility.

5.6 Sustainable development

5.6.1 As suggested above, those in the construction sector have a very considerable role to play in meeting the challenges that face the world today, including climate change. They are ready, within an appropriate framework of regulations and incentives, to assume this responsibility and bring their added value to the European market. They are also prepared to pass on their know-how in the field to other corners of the world where, as we know, the efforts that need to be made are both enormous and crucial if all their benefits are to be felt by everyone.

5.6.2 To achieve this, it would be good to:

- introduce an overall costs approach (for the duration of the investment) in the rules for European public tenders, and define a concept of best bid, perhaps involving a sustainable development criterion. This could enable contracting entities to take comprehensive account of the sustainable development dimension in their choice;

- encourage PPP procedures, which by their very nature integrate conception, execution and maintenance and could therefore be the best way of making the most of the overall cost concept;
- redeploy some forms of financial support by concentrating them, in all Member States, on the huge task of energy infrastructure renovation;
- encourage large-scale renewal projects embracing public works and buildings;
- promote development and recognition of environmental districts (creating a Community label, financial incentives, etc.).

5.6.3 In both the construction and the transport sectors, if construction businesses are given a chance to participate throughout the 'concept-implementation-maintenance' process, they can make a decisive contribution, particularly in terms of ensuring financing for the requisite activities, in their capacity to manage overall costs and finance investments for future energy-saving measures.

5.7 SMEs in the construction sector

5.7.1 The problem of SMEs in the construction sector — unlike in others (see point 3.2.5 above) — is not really one of access to this or that kind of market.

5.7.2 This is why those in the sector quite rightly see no justification in the quota approach thought up by some and rejected by the European authorities. Moreover, the figures mentioned by the various parties are in reality far exceeded in all European countries.

5.7.3 The issue of SMEs, other than matters covered by the Small Business Act, should, rather, be regulated with:

- smart solutions for the transfer of enterprises;
- models for funding or for sharing services or financing which create a level playing field without distorting competition, particularly in terms of SME access to complex operations (PPPs and sustainable development);
- solutions geared to facilitating SME access to standardisation and norms.

Brussels, 10 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

Opinion of the European Economic and Social Committee on 'Developments in the business service sector in Europe'

(2009/C 27/06)

On 6 December 2007, Ms Margot Wallström, vice-president of the European Commission and Commissioner for Institutional Relations and Communication Strategy, and Mr Günter Verheugen, Vice-President of the European Commission and Commissioner for Enterprise and Industry, requested the European Economic and Social Committee to draw up an exploratory opinion on

Developments in the business service sector in Europe.

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 11 June 2008. The rapporteur was **Mr Calleja**.

At its 446th plenary session, held on 9 and 10 July 2008 (meeting of 9 July), the European Economic and Social Committee adopted the following opinion by 135 votes to 2, with 12 abstentions.

1. Introduction

1.1 Ms Margot Wallström, Vice President of the European Commission for Institutional Relations and Communication Strategy and Günter Verheugen, Vice President for Enterprise and Industry, asked the EESC to draw up an exploratory opinion on business services by undertaking a follow-up and further analysis on a previous opinion⁽¹⁾ that considered business services and industry.

1.1.1 This study should keep in mind the great importance attached by the European Commission to the Lisbon Agenda to preserve and increase European industry's competitiveness by managing the process of change in line with the European strategy for sustainable development and on the social level by encouraging the emergence of representative social partners to negotiate at the appropriate level.

1.1.2 The achievement of such objectives must move in parallel with the simplification of the regulatory framework for industry, a political priority constituting one of the key planks of the Commission's industrial policy.

1.1.3 Moreover, this industrial policy is characterised by an integrated approach that takes into account the needs of the different sectors.

2. Summary of Conclusions and Recommendations

2.1 Recognition of the importance of the service sector in economic and social development

The EESC feels that there is an urgent need for a genuine change and broadening of focus towards services, which should no longer be considered as a mere appendix to the manufacturing industry. Society is undergoing great changes and services lie at the centre of these changes. The European Commission must therefore recognise this development and attach greater importance to it.

2.2 Priority of Actions

Given the broad range of possible actions in policy areas related to business services, it is of the utmost importance that these actions be prioritised. Urgent progress needs to be made on the ten key objectives under the Community Lisbon Programme 2008-2010. These affect the future development of services in a direct or indirect manner. In the opinion of the EESC, these priorities should be established in the following order:

- *Action on Business Services Policies and a High Level Group.* It is recommended that a High Level Group on Business Services be set up to undertake deeper analysis of the sector, to screen existing policies in order to identify and assess the more effective and successful of these in regard to business services, and to design concrete policy actions to address major gaps and needs. Particular attention should be paid to the very diverse nature of the different business services subsectors in order to identify which ones deserve major policy attention and at which level (regional, national, EU) policy action is justified.
- *Labour Market Policies in Business Services.* From a social perspective an in-depth examination is required at sectoral level of the challenges being created by the new types of employment generated by interactions between business services and manufacturing industry. This analysis needs to encompass education, training and life-long learning, as well as the employment conditions of workers, including those involved in outsourcing processes. To achieve this objective social dialogue at a sectoral level should be encouraged. In this context, an agenda should be drawn up to discuss specific changes in labour conditions and job opportunities resulting from structural changes affecting the business services sector.
- *Business Services in Innovation Policies.* R&D and innovation programmes and actions for service innovation should be strongly promoted. Areas such as organisational innovation, Knowledge Intensive Business Services (KIBS) and innovation management deserve more attention.

⁽¹⁾ JO C 318/2006 of 23.12.2006, p. 4 (CCMI/035).

- *Business Services Standards Development.* Enterprises should be encouraged to help establish standards through self-regulation after thorough consultation with users of business services. The support of CEN and its Associates (open platform) is important to disseminate the fruits of successful innovation, especially through rapid informal consensus-building
- *Promoting Service Science* as a new discipline in education and training.
- *The Internal Market and Regulation affecting Business Services.* The EESC has identified a list of areas that need to be tackled in order to bring about simplification, clarification and a reduction of regulatory burdens, obviously without weakening existing health and safety at work requirements and worker representation obligations. Amongst other things, attention is drawn to the fact that no impact assessment has been carried out of the Services Directive on business services and that this deserves a major effort, especially once the directive has been transposed into national legislation. This should include the identification of possible further actions concerning more open trade and competition in the enlarged EU Internal Market.
- *Further Improvements in Business Services Statistics.* Member States are recommended to collaborate more in order to improve statistics on business services and, in particular, to have better information on their performance and their effects on the economy of Member States — a necessary tool for governments if they are to help the sector develop its potential. Recent amendments to Chapter 74 of NACE will still not be enough to provide the necessary details required to capture meaningful data on business services.

3. General Remarks

3.1 *Background.* The EESC own-initiative opinion adopted in September 2006 — CCMI/035 — proposed that more serious attention be paid to business services because of the contribution they make to the performance of European manufacturing industries. That opinion explained the interactions between services and manufacturing and the impact on social and economic performance in terms of employment, productivity and competitiveness. That was taken as the starting point for this follow-up and further analysis of business services. It would be well to start the present opinion by defining business services as a set of service activities that — through their use as intermediary inputs — affect the quality and efficiency of production activities, by complementing or substituting in-house service functions (Rubalcaba and Kox, 2007). This definition has some equivalence with NACE rev. 1 (codes 72-74) and with the new version of NACE (codes 69-74, 77-78, 80-82) and the aggregation of different categories of services. There are two major categories within business services:

- Knowledge-intensive business services (e.g. computer and IT services, management consultancy, accountancy, tax and legal advice, marketing and opinion polling, technical services and engineering, personnel services and professional training and recruitment)
- Operational business services (e.g. security services, cleaning services, administration and bookkeeping, temporary labour recruitment, call centres, translation and interpretation).

The aim of this opinion is to help this sector earn more recognition, to enable it to develop without hindrance and to help European economies in their efforts to become more competitive in the global market.

3.2 *Importance of Services and Business Services.* Services have an increasing place in the mindset of citizens, professionals, companies, regions and countries. Services to a large extent dominate the new demands and supplies of economic and social systems. Although they are present in most aspects of economic and social life, much of their activity is not captured by statistics. The traditional breakdown among productive sectors, even if it is incomplete and hides the strong interrelations among economic sectors, allows us to estimate the importance of major economic activities (see chart 1). Services as an economic sector are of increasing importance in Europe, with a share in total employment smaller (at 70 %) than in the United States (80 %) and larger than in Japan (67 %). In all these three areas, the particular subsector of business services has grown at a very dynamic pace, leading to similar increases in the share of total employment. Enterprises that provide business services as their main activity account for 10-12 % of total employment and value added. If one considers the business services produced as a secondary activity, the percentage employment would be much larger. In Europe in 2004 (see chart 3), the countries leading the business services economy were the Benelux area, the United Kingdom, France and Germany. In the period 1995-2004, some countries — Hungary, Poland, Austria, Latvia and Malta, among others — increased their business service sector quite substantially. This suggests a certain convergence process between some EU countries. These country positions only represent employment in companies that have business services as their main activity. Most of them are SMEs.

3.3 *Assessment of Developments.* The EESC has now re-assessed the situation in the light of developments since its previous opinion of September 2006 (CCMI/035) and noted with satisfaction how the importance of business services in manufacturing has acquired greater weight in decisions taken by the Commission:

- The Communication 'Mid-term review of industrial policy. A Contribution to the EU's Growth and Job Strategy document' ⁽²⁾, issued after the EESC opinion referred to above, advocates action on the screening and competitiveness analysis of the service sectors and their impact on industrial competitiveness. Further sectoral monitoring should be conducted if necessary. The outcome would be the identification of all obstacles to improvement in competitiveness and the elimination of possible market failures that might

⁽²⁾ COM(2007) 374 of 4.7.2007.

justify actions to address specific problems in industrial and/or service sectors. This in-depth analysis by the European Commission is taking place this year and should produce results by the end of the year.

- The publication in July 2007 of a Commission staff working document entitled 'Towards a European strategy in support of Innovation in services: Challenges and key issues for future actions' ⁽³⁾, the launching of the European platform for business-related services in February 2008 and the forthcoming Communication on service innovation (expected late in 2008) may all constitute an important step towards a real integration of services in EU innovation policies.
- The adoption of 'The Services Directive in the Internal Market' ⁽⁴⁾, which must be implemented by 28 December 2009 at the latest, will constitute an important turning-point in achieving a genuine internal market for services, provided the provisions of the directive are transposed into the national legislation of Member States and that steps are taken to ensure that labour law and collective agreements of the country where the service is delivered apply. Both businesses and consumers will be able to take full advantage of the opportunities it affords. It should also encourage the business service market to function by facilitating trade and investment between EU countries and opening up new opportunities for manufacturing companies to choose more, better or cheaper services. New competitive advantages in the use of business services should lead to more employment, improved productivity and an enhanced economic performance.

3.4 Supportive Actions to benefit Business Services. On top of the major on-going EU actions promoting business services in industrial and innovation policies, and the potential spillovers generated by the internal market directive, there are other Commission actions that indirectly support the role of business services in manufacturing:

- Eurostat has now implemented a revision of NACE classification to capture more data relating to services.
- The Enterprise Europe Network for promoting entrepreneurship and growth of enterprises in the EU was launched by integrating the networks of Euro info Centre and the Innovation Relay Centre and so giving entrepreneurs more than 500 contact points ⁽⁵⁾. This should be of help to SMEs and therefore to the large majority of business services providers.
- Since 2005, the European Commission has issued proposals for simplifications and reduction of red tape. The latest

proposals, issued in 2008, relate to fast-track reductions ⁽⁶⁾. This is good news for SMEs, who suffer by virtue of their small size in relation to hefty administrative burdens.

- The Commission document 'Towards Common Principles of Flexicurity: More and Better Jobs through Flexibility and Security' ⁽⁷⁾ has been discussed and progress achieved in the social dialogue undertaken by the social partners. This should ease the way for Europe-wide implementation of the concept, with adaptations according to the different circumstances obtaining in each Member State. In dynamic business services, flexicurity negotiated by the social partners may be useful when better and quality jobs are promoted at the same time. The social partners should be involved if the EU is to succeed in its response to globalisation pressures.
- The launch of the Commission document 'Towards an increased contribution from standardisation to innovation in Europe' ⁽⁸⁾, which amongst other initiatives promotes acceleration of cooperation from industry and other stakeholders in the development, implementation and use of standards supporting innovation in relation to a sustainable industrial policy.

3.5 Major Needs of the Business Services Sector. Despite the current progress in actions related to services, major gaps and needs have to be considered. The current European policy framework is heavily biased towards the manufacturing industry, although services constitute by far the largest segment of the economy and contribute to growth in any aspect of business and social life.

3.5.1 Most of the horizontal and sectoral initiatives under the EU Industrial Policy, both at national and EU levels, focus on manufacturing industry regardless of the intrinsic supportive role that business services play in it. There is therefore an urgent need to establish a balanced EU policy that does not underestimate the importance of business services to the global competitiveness of European manufacturing itself and to the economy as a whole. Horizontal policies targeted at any economic sector must be truly horizontal and match the needs of firms and workers in the new service economy, where industrial and service sectors are inextricably linked, by create new opportunities for the European economy in the global market place as a direct result of synergies between them. Many of the EU policy initiatives that make up industrial policy must be adapted and applied to services. This involves matters such as: a fully effective internal market for services, international trade, state aid rules, labour market, social measures, training and regional policy, R&D, innovation, standardisation, entrepreneurship, and

⁽³⁾ SEC(2007) 1059 of 27.7.2007.

⁽⁴⁾ Directive 2006/123/EC of the European Parliament and of the Council of 12.12.2006.

⁽⁵⁾ Press Release IP/08/192 of 7.2.2008.

⁽⁶⁾ Memo/08/125 of 10.3.2008.

⁽⁷⁾ COM(2007) 359 final.

⁽⁸⁾ COM(2008) 133 final of 11.3.2008.

better statistics and information, taking into consideration, where appropriate, the specific needs of services. This should not be taken to mean that all policies should be vertical-specific to services. It should rather mean that the implications of all these policies in services should be screened and, when appropriate, specific actions should be taken.

3.5.2 Some major needs can be identified in the following areas:

— *Business Services in industrial policies.* Following the recent inclusion of business services and the on-going screening exercise, more attention should be paid to the specific conditions in which the use of services is favourable to industrial performance e.g. the role of services for industrial competitiveness and productivity from an economic perspective. To face global competition, Europe must invest in innovation, knowledge, design, logistics, marketing and other business services — in other words, the entire global value chain.

— *Business Services in employment and training policies.* Most occupations are in services and this will continue to be the case. (Policy-makers should not forget that 20 % of intermediate inputs of manufacturing industry derive from services.) Therefore, the potential impact of global sourcing/offshoring in service occupations (up to 30 % according to the OECD 2006 study) impels Member States to reinforce the right skills and qualifications that will enable their industry to face global competition.

— *Business Services in innovation and productivity policies.* The promotion of service innovation is essential to reinforce industrial competitiveness through quality factors. Service innovation has a major and positive impact on quality, employment and interactions with clients. At the same time, business services can offer quality jobs under good working conditions and knowledge-intensive environments; in these cases workers contribute to make service innovation possible and successful. It may enable enterprise to compete from a better position and workers to develop new labour opportunities. The benefits of service innovation should be aimed at tackling the stagnant productivity growth rates in business services. Low productivity growth rates are still dominant in most countries, even if statistical measurement problems underestimate the contribution of business services to overall productivity gains.

— *Business Services and the Internal Market.* The task is to create a European market for services and so enable the EU to play a decisive role in the globalisation process by taking into account all conditions that influence markets and competitiveness. A particular follow-up of the transposition of the Services Directive in Member States and impacts on business services is needed.

— *Business Services and the regions.* Many regions have a poor endowment of business services, since these tend to concentrate in large metropolitan and high-income regional areas. At regional level, it is important to promote and stimulate both the demand and supply of business service and to make the most of existing networks that are able to increase synergies among different local players.

— *Business services and other related policies.* There are two types of business services-related policies: mainly regulatory policies (internal market, competition, better regulation, public procurement) and mainly non-regulatory (innovation, skills, quality and employment, standards, enterprise and SMEs, regional policies, knowledge and statistics). Particular attention should be given to the role of standards, the new discipline of Service Science, and statistics.

3.6 *Interactions between business services activities and targeted policies.* Chart 4 attached to this report shows how tentative comprehensive actions could interact and enable business services to develop forcefully to face the challenges ahead. Synergies and interactions between different types of policies should be taken into account.

3.7 *Economic rationale* is needed when designing specific EU policies to boost the operations of business services, as Kox and Rubalcaba have recently demonstrated (Business services in European Economic Growth, 2007). In support of their arguments they mostly highlighted market and systemic failures such as information asymmetry and externalities.

3.8 *Lisbon Agenda 2008-2010.* Policies related to business services could be helpful in the context of the proposals for the Community Lisbon Programme 2008-2010 (COM(2007) 804 final). Most of the ten key objectives to be accomplished by 2010 affect services either directly or indirectly.

3.8.1 The Commission will propose a renewed **Social Agenda** by mid-2008 and will help to address the skills gap. Important deficits and needs may be identified in most business services, which are very labour intensive. In its opinion on 'Employment of priority categories (Lisbon Strategy)' ⁽⁹⁾, the EESC noted that the ambitious Lisbon employment objectives had only been achieved to a limited extent and that many of the new jobs created in recent years, particularly in the case of women, were part-time. Older workers were still faced with a manifest shortage of suitable vacancies, and young people in particular were mostly finding atypical (non-standard) forms of employment, in some cases without proper legal and social safeguards. The EESC opinion stressed that in the context of flexibility there should be a high degree of social security, active labour-market policies, and education, further education and training.

⁽⁹⁾ JO C 256 of 27.10.2007, p. 93 (SOC/251).

3.8.2 Earlier this year, the Commission put forward **proposals for a common policy on immigration**. This may affect the immigration of highly qualified workers in areas such as knowledge-intensive business services and less qualified workers in activities such as cleaning or security services.

3.8.3 The Community will adopt a **Small Business Act** to unlock the growth potential of SMEs throughout their life cycle. Business services is the sector with the highest start-up and wind-up rates, so particular attention to new SMEs is deemed to be appropriate. In its opinion on 'Business potential, especially of SMEs' ⁽¹⁰⁾, the EESC advocated better targeted and streamlined integrated guidelines on SMEs for growth and jobs for the years 2008-10. SMEs will also benefit from the reduction of EU administrative burdens by 25 % by 2012.

3.8.4 The Community will **strengthen the single market and increase competition in services**. The same EESC opinion (INT/324, quoted above) complains of the incomplete single market, especially slow implementation of directives by Member States, administrative burdens and lack of labour mobility. These are huge barriers for SMEs to surmount.

3.8.5 The Community will turn the **fifth freedom** (the free movement of knowledge) into reality and create a genuine European Research Area. Knowledge-intensive business services may have a role to play in this Lisbon priority.

3.8.6 The Community will improve **the framework conditions for innovation**. The EESC has also produced an opinion on 'Investment and Innovation' ⁽¹¹⁾. The main thrust was that Europe has to stay ahead in research, technological development and innovation and that more funding from the EU budget, improvement of education facilities and a general raising of standards were necessary. Also needed were: a social climate that is open to progress and innovation; the creation of the necessary conditions and the taking of decisions that give enough business confidence and optimism for investors to put their capital into new ventures in Europe; raising awareness of the fundamental significance of basic research and instilling an entrepreneurial spirit for those who are willing to innovate and take risks; and accepting a certain level of failure and losses that inevitably comes with risk. The EESC also looked at the legal and social environment for innovative entrepreneurship and an innovation-friendly market.

3.8.7 The Community will promote an **industrial policy** geared towards more sustainable production and consumption. The role of environmental business services in industrial policy may be placed under this priority.

3.8.8 The Community will negotiate bilaterally with key trading partners to open up new **opportunities for interna-**

tional trade and investment and create a common space of regulatory provisions and standards.

4. Prioritisation of Actions in favour of Business Services

Action needs to be prioritised because the sphere of business services involves a wide policy area. In the opinion of the EESC, the priorities should be as follows:

4.1 **Priority 1:** A High Level Group on business services should be set up by the European Commission in the context of enterprise and industrial policy to ensure that policy actions take the broader view of services in their interactions with industry and economic activity as a whole. The following could be the main objectives of such a High Level Group:

- Deepening analysis of business services needs, including the needs of the different and very varied subsectors in business services.
- Screening existing policies affecting business services and designing concrete policy actions at the appropriate level (regional, national or EU).
- Recommending strategic objectives to be achieved in WTO negotiations on GATS, with an emphasis on measures needed to enable SMEs in services to export.
- Identifying and grouping policy stakeholders in areas where representation is very limited and fragmented.
- Setting up a European Observatory on business services to monitor results of measures implemented by EU policy actions and publicising best practices. Members of the Observatory should include representatives of the EESC, trade unions, business associations and business services experts.

4.2 **Priority 2:** A social dialogue dedicated specifically to the business services sector should be encouraged to discuss and formulate recommendations concerning:

- New employment opportunities
- Lifelong learning
- Outsourcing and off shoring challenges
- Identification of skill shortages
- Part-time and teleworking
- The case for flexicurity in business services (This topic has already been treated in general terms by the EESC in a recent opinion — SOC/283.)
- Lack of personnel in Knowledge-Intensive Business Services (KIBS) and the role of immigration
- Mobility.

⁽¹⁰⁾ JO C 256 of 27.10.2007, p. 8 (INT/324).

⁽¹¹⁾ JO C 256 of 27.10.2007, p. 17 (INT/325).

In practice, the viability and effectiveness of such sector-based social dialogue (e.g. recognition of agreements, organisational support) will depend on the identification and recognition of representative European organisations of employers and employees.

4.3 **Priority 3:** R&D and innovation in services:

- Analysis of modes of innovation in business services and its impact on productivity and social and economic growth
- Role of Knowledge Intensive Business Services (KIBS) in the development of service innovation
- Relationship between ICT developments and service innovation
- Screening R&D and innovation programmes to assess the position of business services
- Application of lean manufacturing techniques to services
- Role of service innovation and other possible policy actions for knowledge-intensive services at regional level. Use of innovation policies for promoting supply and demand of business services.

4.4 Priority 4: Development of Standards. Standards in services have been slow to develop. They are generally demand driven. On the side of business service providers there are structural problems. For the most part, these are small enterprises that do not belong to representative organisations in their country and this is also reflected at European level, where the category is not well represented in any European organisations. The only way to improve the situation, then, is for users to be mobilised to express their requirements. The market for business services stands to gain immensely from clear standards in this area. The development of standards can be useful to:

- Supplement or even substitute regulation
- Improve quality and stimulate competition
- Help reduce asymmetric information, for the benefit of both provider and user, in a market that lacks transparency
- Ensure comparability when a user is faced by, and needs to decide on, different offers
- Disseminate more widely the fruits of R&D and innovation programmes, thus encouraging innovation to upgrade service quality
- Reduce the number of disputes by clarification of rights and obligations between service providers and users
- Prevent social conflicts, by compliance to labour law on the part of service providers and users and, if necessary, through collective bargaining at the appropriate level

— Facilitate some economies of scale by small companies providing similar services in different EU Member States, thus leading the way to reducing obstacles to market integration

— Develop a healthy export sector and assist in public service tenders and sub-contracting of services.

4.5 Priority 5: Further improvements in business services statistics. Policy actions depend on analysis of ongoing trends that can only be gauged from clear and meaningful statistics. The apparent lack of satisfactory productivity increases in relation to the USA could be partly due to unreliable statistics based on a methodology used to measure manufacturing performance. Further refinement of business services statistics demands not just a decision from Eurostat, but collaboration from national governments to change their methods of gathering statistics. Particular attention should be paid to measuring the role of business services within other industrial and service sectors.

4.6 **Priority 6:** Service Science

Service science (or Service Science, Management and Engineering, SSME) is a new emerging discipline covering the diverse and fragmented approaches towards services: service economics, service management, service marketing and service engineering, among others. The need for promotion and better integration of all these areas is being recognised by service researchers and businesses. Service engineering provides a good example within Service Science. It is a specific technical discipline concerned with the systematic development and design of service products using suitable models, methods and tools. Although service engineering also embraces aspects of service operations management, one of its key focuses is the development of new service products. At the same time, service engineering is also concerned with the design of development systems, in other words with service-related questions of general R&D and innovation management. Integrated approaches for co-engineering physical goods, software and services will become an established feature.

Fundamental research into new business models, methods and tools will give service science a valuable boost. Finally, the growing harmonisation of service standards will encourage the specification and efficient development of new services ⁽¹²⁾.

Service engineering is one of the few fields in the service sector that has been substantially shaped by European research. Closer integration in international networks and the systematic development of an independent service engineering community are essential in order to sustain a leadership role in this field in the future ⁽¹³⁾.

⁽¹²⁾ Service engineering — methodical development of new service products, by Hans-Jorg Bullinger, Klaus-Peter Fahnrich, Thomas Meiren.

⁽¹³⁾ Thomas Meiren, Fraunhofer Institute for Industrial Engineering, Stuttgart, Germany.

4.7 **Priority 7:** The Internal Market and regulation of Business Services

Reduction and simplification of the regulatory burden. There are several restrictive factors that work against enterprises in business services and neutralise their efforts to increase their productivity and to seek business in other Member States. These include problems of labour mobility and recognition of education qualifications. The volume and complexity of regulation has grown in recent years and this has increased the burden on small service providers. The most relevant points requiring attention are:

- *Setting-up and transferring enterprises.* The time and money employed in the setting-up of a new enterprise or transferring ownership of an existing one is prohibitive for SMEs.
- *Barriers to exports of services.* The resources necessary to track down the regulations relevant to their business and the costs of consultation are expensive for SMEs wishing to export services. A follow-up in international trade negotiations is needed to remove unnecessary barriers in external business services markets for European service providers. The existing Market Access database created by the European Commission should help to identify such barriers.
- *Restrictions on multi-disciplinary collaboration.* There are barriers to the entry of professional service providers that may be removed when the Services Directive enters into force.
- *Deficient transposition of EU legislation* as well as differing laws between Member States. Even if regulations are not directly against the Internal Market, wide disparity among EU countries hampers market integration.
- *Public procurement and regulations* concerning competition between private and state-owned companies for public contracts.
- *Barriers precluding services across Member States.* Defensive attitudes adopted by professional associations in their byelaws against allowing practitioners from other Member States to operate.
- *Posting of highly skilled workers.* Difficulties encountered in posting workers to other Member States, even when the posts are of a highly skilled nature. The EESC opinion on Posting of Workers may guide possible actions on this front ⁽¹⁴⁾.
- *Recognition of qualifications.* Directive 2005/36/EC of 7 September 2005 on the recognition of professional qualifications was to be transposed by 20 October 2007. This involved the replacement of fifteen earlier directives covering the recognition of professional qualifications. We should now have a truly comprehensive modernisation of the Community system which promotes the EU market for business services through more flexible and automatic recognition of qualifications. In the meantime, an initiative by the European Commission called IMI is seen as a practical approach that authorities and employers in Member States can take to check within one central data base the designated authority (at regional or national level in each Member State) authorised to issue certificates of competence and qualifications and to verify the authenticity of such certificates.
- *Transposition of the Services Directive.* A sectoral analysis would help business services to make the most out of the new regulatory environment, in particular the identification of remaining barriers during and after the transposition of the Service Directive. This will be subject to screening beginning in 2010, so that progress on transposition can be assessed and the manner in which this is done closely followed. Particular attention should be paid to the impact on the business service economy. The Internal Market Information Systems may provide useful information for follow-up and future simplification of national disparities.

Brussels, 9 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

⁽¹⁴⁾ See CESE 995/2008 of 29.5.2008 (SOC/282). OJ C 224, 30.8.2008, p. 95.

APPENDIX

to the Opinion of the European Economic and Social Committee

The following Section Opinion text was modified in favour of an amendment adopted by the assembly but obtained at least one-quarter of the votes cast:

Point 2.2 — second bullet point:

‘— Labour Market Policies in Business Services. From a social perspective an in-depth examination is required at sectoral level of the challenges being created by the new types of employment generated by interactions between business services and manufacturing industry. This analysis needs to encompass education, training and life-long learning, as well as the employment conditions of workers, including those involved in outsourcing processes. To achieve this objective the agenda for social dialogue should be extended to look at the specific changes in labour conditions and job opportunities resulting from structural changes affecting the business services.’

Outcome:

87 votes for the amendment, 35 against and 13 abstentions.

Opinion of the European Economic and Social Committee on the ‘Proposal for a Regulation of the European Parliament and of the Council on cosmetic products (recast)’

COM(2008) 49 final — 2008/0035 (COD)

(2009/C 27/07)

On 13 May 2008 the Council decided to consult the European Economic and Social Committee, under Article 95 of the Treaty establishing the European Community, on the

Proposal for a Regulation of the European Parliament and of the Council on cosmetic products (recast).

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 11 June 2008. The rapporteur was **Mr Krawczyk**.

At its 446th plenary session, held on 9 and 10 July 2008 (meeting of 9 July), the European Economic and Social Committee adopted the following opinion by 126 votes with four abstentions.

1. Conclusions and recommendations

1.1 The Committee endorses the aims and objectives of the draft regulation as well as the recasting of Directive 76/768/EEC as a regulation.

1.2 The Committee draws attention to the fact that considerable costs are liable to be incurred, particularly by SMEs, in meeting the new requirements for manufacturing practices, safety assessment and product information file preparation, not to mention all the relevant tests.

1.3 The Committee considers it advisable to minimise this negative financial impact on SMEs, for instance by specifying that the product information file and safety assessment be prepared in accordance with the new requirements for products placed on the market for the very first time.

1.3.1 The Committee endorses the 36-month period for the entry into force of the regulation. However, with regard to updating the product information files and safety assessment of cosmetic products already on the market, the Committee recommends a further transition period of 24 months after entry into force.

1.4 The Committee welcomes the introduction of a differentiated regime based on the risk assessment of substances classified as carcinogenic, mutagenic or reprotoxic (‘CMR’). The ban on the use of such substances should be maintained.

2. Foreword

2.1 The main aim of the directive (Directive 76/768/EEC) is to protect consumer health while harmonising legal provisions on cosmetic products within the common market. An assessment of the current market situation shows that the amendments to Directive 76/768/EEC and their inconsistent transpositions by Member States have led to numerous legal uncertainties and discrepancies. For this reason, it has resulted in an adminis-

trative burden and unnecessary costs for the competent authorities as well as the industry without contributing to the safety of cosmetic products.

2.2 Simplification of Council Directive 76/768/EEC of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products (the ‘Cosmetics Directive’) was announced in the Commission Communication ‘Implementing the Community Lisbon programme: A strategy for the simplification of the regulatory environment’ and in the Commission’s Annual Policy Strategy for 2007 and in the Commission’s Legislative and Work Program 2007. The Commission proposed to simplify the Cosmetics Directive in the form of a recast, i.e. a legislative technique which makes it possible to codify a legislative text and its amendments and to introduce substantial improvements.

2.3 On the basis of feedback from a public consultation launched in 2006, as well as several Commission studies, the Commission prepared an extensive impact assessment prior to drafting the proposal for a regulation (recast) ⁽¹⁾.

2.4 The EU cosmetics sector is characterised by SMEs. 97 % of all EU cosmetic companies are SMEs and 80 % of them have less than 19 employees. SMEs account for approximately two thirds of all people directly employed in the cosmetics sector in the EU.

2.5 In terms of employment, there are approximately 150 000 people employed in the cosmetics industry in Europe. Since 1999, the European sector has been steadily creating new jobs (an increase of 1.2 % per year).

2.6 Apart from direct employment, the cosmetics sector has a strong indirect impact on employment such as retail, distribution and transport. It can be estimated that approximately 350 000 jobs are created indirectly by the cosmetics industry.

⁽¹⁾ COM(2008) 49 final — 2008/0025 (COD).

2.7 That is why the interests and views of SMEs in the cosmetic sector in the EU should be taken into consideration when analysing the impact of the present proposal.

2.8 Intra-community cosmetics exports have increased year-on-year since 1999 by an average of 5 % a year in terms of volume, and by 6.5 % a year in terms of value.

2.9 The cosmetics industry is an international business in which Europe is a very important player. The global nature of this sector is particularly relevant to the EU as a net exporter. In 2005, the export of cosmetic products outside the EU stood at EUR 16 billion, with imports at EUR 4.4 billion.

2.10 The situation varies from one Member State to another. Poland is an example of one such a situation. A considerable part of the Polish cosmetics sector is still independent with more than 400 enterprises, mostly SMEs, operating. The Polish cosmetics market, which experienced a growth of 8.2 % in 2006 and 7.2 % in 2007 and which still has strong growth potential, is a good example of steady growth, which is no longer being experienced in the EU's 5 largest developed economies (UK, Germany, France, Italy and Spain).

3. Introduction

The Cosmetics Directive is a highly detailed and prescriptive piece of legislation. Since 1976 the Cosmetics Directive has been amended 56 times, which has resulted in legal uncertainties and inconsistencies and the complete absence of any set of definitions.

3.1 The proposed recast of Council Directive 76/768/EEC has the following key objectives:

- to remove legal uncertainties and inconsistencies resulting from the numerous amendments;
- to avoid discrepancies in national transposition which do not contribute to product safety but instead add to the regulatory burden and administrative costs;
- to simplify and unify certain administrative procedures, such as notification, 'cosmetovigilance' and administrative cooperation during market surveillance;
- to ensure the safety of cosmetic products placed on the EU market, especially in the light of innovation in this sector;
- to maintain the rules relating to animal testing which were added to the Cosmetics Directive by the 'seventh amendment' in 2003;
- to introduce the clear minimum requirements for the cosmetics safety assessment;
- to introduce a possibility in exceptional cases to regulate CMR 1 and 2 substances on the basis of their actual risk.

The key elements of the draft regulation proposal are as follows:

3.2 The Commission proposal maintains the scope of Directive 76/768/EEC, and the definition of 'cosmetic product' remains unchanged. During the public consultation carried out by the European Commission most parties were in favour of recasting Directive 76/768/EEC in the form of a regulation.

3.3 A set of new definitions has been proposed for terms such as: manufacturer, importer, making available on the market, placing on the market, harmonised standards, traces, preservatives, colorants, UV-filters, undesirable effects, serious undesirable effects, withdrawal and recall. However, no definition has been proposed for the actual term 'cosmetic product'.

3.4 The concept of a responsible person who is established within the Community has been introduced. Responsibility in cases of products supplied to the consumer from outside the EU, for example via internet was described.

3.5 'New approach' principles have been introduced: the reference to the harmonised standards in legal acts in the field of good manufacturing practices, sampling and analysis as well as claims relating to cosmetic products.

3.6 The minimum requirements for the safety assessment and the product information file (a product dossier) have been established. The Cosmetic Product Safety Report has been proposed as Annex I to the draft regulation. The safety assessment of the cosmetic product is based on the toxicological profile of its ingredients.

3.7 A differentiated regime based on a risk (but not a hazard) assessment of substances classified as carcinogenic, mutagenic or reprotoxic ('CMR') has been proposed instead of the recent regime based on hazard. In general, the ban of CMR categories 1 and 2 has been maintained. However, the new approach allows, subject to rigid conditions, the use of CMR 1 and 2 substances if they have been found to be safe to use in cosmetics.

3.8 The overall strategy to ban the animal testing of finished products as well as timetables of deadlines for the prohibition of the marketing of cosmetic products containing ingredients or combinations of ingredients which have been tested on animals has been maintained.

3.9 The uniform approach to the management of undesirable effects and serious undesirable effects has been established. Data on undesirable effects and serious undesirable effects shall become a part of the Cosmetics Product Safety Report and will be communicated to the public. Additionally, serious undesirable effects shall be actively reported to the competent authorities.

3.10 The simplified, centralised, electronic notification in a 'one-stop-shop' has been proposed. Until now, prior to placing a cosmetic product on the market, notification had to be made separately in each Member State. The scope of information differs from one Member State to another. Moreover, the separate notification to poison control centres is currently required in several Member States.

3.11 The administrative collaboration between competent authorities and the application of good administrative practices have been strengthened.

4. General comments

4.1 The Committee endorses the aims and objectives of the draft regulation — the simplification and unification of certain administrative procedures — while ensuring a high level of consumer safety. The proposed regulation is undoubtedly transparent. The legal provisions it sets out clarify previous legal ambiguities that had led to divergent interpretations and applications.

4.2 Recasting Directive 76/768/EEC as a regulation will ensure the uniform application of legal provisions enhancing the free movement of products within the common market and simplify administrative procedures on EU markets.

4.3 While the simplification of administrative procedures could reduce certain costs (i.e. notification of products and notification to the poison control centres), considerable costs are liable to be incurred by SMEs in meeting the new requirements on the content of the product information file and compliance with harmonised standard EN ISO 22716 (GMP). It should be emphasised that current legal provisions do not require as high a level of detailed toxicological data as the proposed regulation.

4.4 It is to be expected that the additional costs incurred by the requirements set out in the regulation will depend heavily on the size of the enterprise. The costs pertaining to the preparation of the product information files and safety assessment will be borne, first and foremost, by small and medium-sized enterprises, which formerly used to prepare rudimentary data as specified in existing legal provisions.

In the case of large international corporations, one should not expect a considerable increase in costs due to their longstanding experience, expertise, human resources, technical background and access to third-party know-how. In the case of large enterprises manufacturing products on several EU markets, the centralised European notification system will definitely simplify former administrative procedures. This will partly reduce notification costs. Moreover, international enterprises have already implemented notification systems for their frame formulations (formulas).

4.5 In the case of SMEs, one can expect a considerable increase in costs relating to good manufacturing practices, safety

assessment and product information file preparation, not to mention all relevant tests.

For research and the dossier and safety assessment alone, the costs of SMEs may increase by as much as 100 % for every new formula placed on the market. This will considerably increase production costs for SMEs and affect the retail price of products, thus impacting on consumer interests.

One should bear in mind that in the case of SMEs, product series are manufactured in considerably smaller volumes than those of large international concerns selling large quantities of products. As a result, the costs of research and the dossier and safety assessment per product are much higher for SMEs.

According to this impact assessment prepared by the Commission, this could be inadequate in the case of Member States with a high number of small and medium-sized enterprises, such as Spain, Italy, Poland and Bulgaria.

4.6 It seems advisable to minimise the negative financial impact on SMEs, for instance by specifying that the product information file and safety assessment are to be prepared in accordance with the new requirements for products that are being placed on the market for the very first time. It would appear necessary to extend the transition period for updating the product information files and safety assessment for products already on the market.

4.6.1 The Committee endorses the 36-month period for the entry into force of the regulation. However, with regard to updating the product information files and safety assessment of cosmetic products already on the market, the Committee recommends a further transition period of 24 months after entry into force.

4.7 The Committee welcomes the introduction of a set of definitions. This will facilitate the interpretation of the provisions of the regulation and help to remove legal uncertainties and inconsistencies. However, a new definition for cosmetic products has not been proposed. The cosmetics industry is highly innovative and new efficacies and product categories are introduced to the market each year. This may generate problems concerning product qualification (cosmetics, pharmaceutical products etc.) and 'borderline products'. It is therefore necessary to undertake educational and information campaigns as well as strengthen market surveillance in this field.

4.8 The Committee welcomes the introduction of the concept of 'a responsible person'. Establishing a responsible person — who may be an entrepreneur other than the manufacturer — is useful and consistent with existing market practices such as outsourcing and private labelling. Provisions concerning the responsible person establish responsibility in cases where products are made available on the market from outside the EU, for example via internet.

4.9 Furthermore, the Committee considers that other concepts should also be defined, so as to ensure legal certainty, especially since the instrument is in the form of a regulation. This applies in particular to the concepts of 'fragrance' and 'active ingredient'.

4.10 The Committee welcomes the introduction of the electronic notification of cosmetics and frame formulas to poison control centres. It will certainly unify administrative procedures on the EU market.

4.11 The Committee endorses the introduction of new approach principles to legislation on cosmetic products. The application of harmonised standards, which can be voluntarily applied by the manufacturers and competent authorities, enables the unification of applied methodologies. Harmonised standards are a good example of self-regulation tools that are both useful and willingly used by the cosmetics industry. However, the Committee has reservations about the uncritical application of new approach principles. Consumer health and safety issues must be regulated by the relevant regulations.

4.12 The Committee welcomes the reference to harmonised standards for product claims. However, harmonised standards should address methods of efficacy assessment applied to prove the claims, not to the claims themselves. Claimed effects can be measured by reliable and reproducible methods. Moreover, harmonised standards should take into consideration scientific and technological progress and the vastness of the subject.

4.13 The Committee welcomes the introduction of a differentiated regime based on the risk assessment of substances classified as carcinogenic, mutagenic or reprotoxic ('CMR') referred to in Directive 67/548/EEC (Article 12(2)). The ban on the use of such substances should be maintained. However, the current system is based on hazard (i.e. intrinsic properties of the substance) and does not take into consideration the dose and route of exposure. It could lead to the automatic ban of ethanol (i.e. alcohol) in case of its re-classification in CMR categories 1 or 2, despite the fact that the use of the substance in cosmetics is safe. The draft regulation provides that substances in CMR categories 1 and 2 may be used as compounds in cosmetics only subject to the simultaneous fulfilment of three conditions (Article 12(2)). However, one of these conditions assumes that the substance has to be legally used in food and nutritional products. But there may very well be cases where CMR 1 or 2 substances are considered safe for use in cosmetics but are not allowed for food (i.e. formaldehyde, boric acid etc.). The drafted provisions exclude any application of such substances in the cosmetics industry.

4.14 The Committee is aware of the transition periods for adapting the products dossier and safety assessment for products already on the market (Article 34). The draft does not specify whether the transitional period is only applicable to

products being placed on the market, or also to products already on the market. Specifying the same transitional period (36 months) for all products — including those already on the market — may lead to a situation where products already legally on the market will have to be withdrawn because their labelling or their product information files has not been updated. The Committee endorses the 36 month-period for the entry into force of the regulation. However, with regard to updating the product information files and safety assessment of cosmetic products already on the market, the Committee recommends a further transition period of 24 months after entry into force.

In document SEC(2008) 117, the impact assessment report, the European Commission states: 'All available statistics suggest that the number of adverse reactions to cosmetic products is very low. (...) Moreover, since the Cosmetics Directive entered into force the cosmetics industry has had no major safety crisis, unlike, for example, the feed sector'.

5. Specific comments

5.1 The Committee is aware of certain provisions included in the proposal of the Commission which could be difficult to fulfil. The most crucial ones include the scope of data required for the product information files and safety assessment (Article 7 and Annex I).

5.2 The safety assessment under Article 7 must be carried out by an independent third party, i.e. from outside the company in question.

5.3 In Article 7(3), the term 'non-clinical safety studies' is unclear. Available information reveals that this term is interpreted differently by various EU Member States. According to the interpretation of the competent authorities in Poland, clinical tests are tests for medicinal products. Research studies on volunteers used in the assessment of cosmetics (dermatological tests, compatibility tests, instrumental tests) cannot therefore be understood as clinical tests. However, they could not be regarded as non-clinical studies within the meaning of Article 7(3) of the drafted Regulation, either. According to Directive 2004/10/EC, the provisions on good laboratory practices are not applicable to the tests involving the participation of humans.

5.4 Moreover, a requirement that all toxicological tests and analysis necessary for safety assessment be performed in accordance with the principles of good laboratory practice prevents the use of most data included in toxicological databases and scientific publications, which are a valuable source of information. Even in recent scientific publications, one can very rarely find a declaration of compliance (or non-compliance) with good laboratory practice by the laboratories carrying out the relevant tests.

5.5 The provisions of paragraphs 2 and 4 of Annex I concerning the assessment of the purity and stability of packaging material, the evaluation of interactions between the compounds and the evaluation of the influence of product stability on its safety, and the specification of the 'period-after-opening' may be difficult to fulfil because there is no commonly available and recognised methodology, for instance in the form of international or European standards, or scientific publications. Hence, this data is not readily available.

5.5.1 The Committee welcomes the content of Annex I (Cosmetic Product Safety Report) with regards to minimum requirements for data and tests to be performed when preparing a product dossier. It will improve the quality of the dossier, facilitate market surveillance and therefore contribute to consumer safety.

5.6 The NOAEL value (No Observed Adverse Effect Level) which is necessary for calculating the MoS (Margin of Safety) is not available for many substances. The obligation to determine the NOAEL value will result in animal tests that violate the EU policy to promote alternative methods. It also contravenes the provisions of Article 14 (Animal testing).

5.6.1 New legislation should therefore clearly specify which tests manufacturers are to carry out on substances used in cosmetics in order to identify potential hazards for consumers.

5.7 The Committee does not accept that the list of ingredients may be indicated on the packaging alone (Article 15(g)); rather, if possible, it should be indicated on the product (container).

5.8 The Committee considers that cosmetic products must carry special warnings regarding their use by children, clearly and very visibly stating a minimum age and that they must be kept out of the reach of children.

5.9 The Committee is also of the view that the regulation should clearly stipulate that, in the case of distance-selling of cosmetic products, exactly the same type of information that must be displayed on labels and packaging when sold in shops must be clearly set out in distance sales offers.

5.10 The Committee endorses the increased pressure for administrative collaboration between the competent authorities and the application of the good administrative practices.

5.11 The Committee endorses rectifying the former Annexes containing lists of prohibited and allowed substances with restrictions to be used in cosmetic products, by adding the CAS and EINECS numbers and INCI names as well as establishing an electronic inventory of cosmetic ingredients.

5.12 Withdrawing former Annex I of Directive 76/768/EEC seems appropriate. The division of categories in the former list was rather arbitrary, and there were numerous repetitions of category groups, for example: 'make-up powders' and 'products for making up and removing make-up'. Moreover, the former list is already out of date — there are new product categories available on the market, such as anti-cellulite adhesives, and make-up remover cleanser tissues with active substances.

Brussels, 9 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

Opinion of the European Economic and Social Committee on the ‘Proposal for a Directive of the European Parliament and of the Council amending Directive 2001/82/EC and Directive 2001/83/EC as regards variations to the terms of marketing authorisations for medicinal products’

COM(2008) 123 final — 2008/0045 (COD)

(2009/C 27/08)

On 3 April 2008 the Council of the European Union decided to consult the European Economic and Social Committee, under Article 95 of the Treaty establishing the European Community, on the

Proposal for a Directive of the European Parliament and of the Council amending Directive 2001/82/EC and Directive 2001/83/EC as regards variations to the terms of marketing authorisations for medicinal products.

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 11 June 2008. The rapporteur was Mr Cedrone.

At its 446th plenary session, held on 9-10 July 2008 (meeting of 9 July), the European Economic and Social Committee adopted the following opinion by 127 votes with seven abstentions.

1. Conclusions and recommendations

1.1 The EESC approves the Proposal for a Directive amending Directive 2001/82/EC and Directive 2001/83/EC (COM (2008)123 final), recognising that these amendments ensure the harmonisation of the rules regulating all medicinal products regardless of the procedure under which marketing authorisation has been granted.

1.2 Applying the same criteria to all medicinal products ensures, in addition to the same quality, safety and efficacy criteria, a high level of public health protection, the efficient functioning of the internal market, and eliminates an unnecessary administrative and financial burden on businesses.

1.3 The EESC has always supported and continues to support the Commission's efforts to improve the safety of medicinal products, a fundamentally important factor in safeguarding human and animal health.

1.4 The EESC agrees that the Commission should be empowered to extend the scope of Regulation (EC) No 1084/2003 to post-authorisation variations, regardless of the procedure applied, thus avoiding any obstacles to the free movement of medicinal products; and emphasises the importance of future provisions the Commission will have to adopt.

1.5 The EESC once again emphasises its conviction that we must waste no time in completing the single market also in those sectors where this has not occurred or is only partial.

2. Context

2.1 In November 2001, the Commission presented sweeping regulatory reforms on medicinal products via two instruments, i.e. Directive 2001/82/EC on the Community code relating to

veterinary medicinal products, and Directive 2001/83/EEC on the Community code relating to medicinal products for human use ⁽¹⁾.

2.2 The abovementioned legislation was an extension of a profound reform initiated in 1993 through the creation of the European Medicines Agency (EMA), as set out in Regulation (EEC) No 2309/93, and the implementation of new marketing authorisation procedures for pharmaceuticals ⁽²⁾.

2.3 Based on the principle of the free movement of goods, this regulation foresaw two procedures for marketing authorisation for medicinal products as of 1 January 1995:

- a) A ‘centralised’ procedure for authorisations issued by the EMA, applicable throughout the EU, compulsory for biotechnological medicinal products and optional for newly formulated pharmaceutical products.
- b) A so-called ‘decentralised’ national procedure enabled authorisation by a competent national authority. This procedure made it possible to apply specific ‘mutual recognition’ rules for the marketing of medicinal products authorised by a specific Member State in other EU countries.

2.4 The purpose of these marketing authorisation procedures was to ensure a proper assessment of the benefit/risk ratio and to define high quality, safety and efficacy criteria for the precise purpose of safeguarding human and animal health in the EU.

⁽¹⁾ OJ L 311, 28.11.2001.

⁽²⁾ OJ L 214, 24.8.1993.

2.5 Directive 2001/82/EC and Directive 2001/83/EC strengthen these essential guarantees, setting out specific provisions for pharmacovigilance in order to achieve a high level of public health protection, with more frequent monitoring as well as enhanced and more targeted notification criteria for undesirable side effects.

2.6 During the course of periodic checks on the functioning of the authorisation system for pharmaceutical products, the Commission identified problems relating to variations that could occur downstream of Member State authorisations, which account for over 80 % of total marketing authorisations for medicinal products.

2.7 These variations coming after national authorisation are addressed by Regulation (EC) No 1084/2003 and Regulation (EC) No 1085/2003, but the latter only cover manufacturing procedures, pharmaceutical packaging and intellectual property. They do not address fundamental issues such as, for instance, the inclusion of new therapeutic indications or methods of administration.

2.8 As a result, the post-authorisation procedures may in some cases vary in individual Member States, which can lead to different rules and classifications being applied to the same product. This may result in different levels of health protection being applied due to differences in the therapeutic classification or use of the same product, not to mention the fact that it could constitute a sometimes artificial obstacle to the intended freedom of movement of medicinal products within the EU.

3. The Commission proposal

3.1 In order to avoid the emergence of different conditions for the same pharmaceutical products, the Commission has decided to submit a proposal to amend Directive 2001/82/EC and Directive 2001/83/EC by requesting that the application of Regulation (EC) No 1084/2003, currently applicable to pharmaceuticals under the centralised procedure, be extended to all medicinal products regardless of the procedure under which they have been authorised.

3.2 The proposal under consideration falls within the scope of the simplification initiatives foreseen under Annex 2 of the Commission Legislative and Work Programme 2008. It consists solely in a legislative amendment to a number of articles in Directive 2001/82/EC and Directive 2001/83/EC concerning the application of Regulation (EC) No 1084/2003, which is thus extended to all medicinal products.

Brussels, 9 July 2008.

3.3 Prolonging the present situation would result in unnecessary administrative and financial burdens for businesses wishing to trade in several EU countries. These businesses are faced with the different rules applied by individual Member States and their respective administrative requirements, which, moreover, can create a de facto artificial obstacle to the principle of free trade.

3.4 The proposal is purely legal in nature and sets out to amend the legal basis of Regulation (EC) No 1084/2003 by empowering the Commission to amend the regulation's scope in order to ensure an effective harmonisation of authorisation rules.

3.5 The Commission emphasises that this legislative amendment was based on broad consultation with all stakeholders; and that the choice of a legal amendment — one of many options — was the one identified as best suited to achieving harmonisation in the post-authorisation phase, in keeping with high public health standards and legal consistency.

3.6 The proposed amendments to a set of articles are based on Article 95 of the EC Treaty, which provides for the use of the co-decision procedure, and is consistent with the principle of subsidiarity and the principle of proportionality.

4. General comments

4.1 The EESC approves the proposal to amend Directive 2001/82/EC and Directive 2001/83/EC, recognising that these amendments ensure the harmonisation of the rules regulating all medicinal products, a high level of public health protection and the efficient functioning of the internal market, whilst also eliminating unnecessary administrative and financial burdens for businesses.

4.2 As in previous opinions on this issue, the EESC supports and even encourages the Commission's efforts to improve the safety of medicinal products, a fundamentally important factor in safeguarding human and animal health.

4.3 The EESC is therefore in favour of harmonising the rules regulating all medicinal products regardless of authorisation procedures through a simple legislative amendment, thereby simultaneously eliminating any future obstacles to free trade in such products.

4.4 The EESC, while in favour of modifying the legal basis, awaits the legislative proposal currently being drafted, believing it to be of greater significance to the future of the pharmaceutical sector.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

Opinion of the European Economic and Social Committee on the ‘Proposal for a Directive of the European Parliament and of the Council relating to simple pressure vessels (codified version)’

COM(2008) 202 final — 2008/0076 (COD)

(2009/C 27/09)

On 26 May 2008 the Council decided to consult the European Economic and Social Committee, under Article 95 of the Treaty establishing the European Community, on the

Proposal for a Directive of the European Parliament and of the Council relating to simple pressure vessels (Codified version).

Since the Committee unreservedly endorses the proposal and feels that it requires no comment on its part, it decided, at its 446th plenary session of 9 and 10 July 2008 (meeting of 9 July), by 142 votes to none with six abstentions, to issue an opinion endorsing the proposed text.

Brussels, 9 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

Opinion of the European Economic and Social Committee on ‘Towards a rail network giving priority to freight’

COM(2007) 608 final

(2009/C 27/10)

On 18 October 2007 the Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on

Towards a rail network giving priority to freight.

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 5 June 2008. The rapporteur was Mr Buffetaut.

At its 446th plenary session, held on 9 and 10 July 2008 (meeting of 10 July), the European Economic and Social Committee adopted the following opinion with 111 votes in favour and one abstention.

1. Conclusions

— reasonably short ‘end to end’ journey times;

1.1 The EESC agrees with the Commission's diagnosis of the rail freight situation in the European Union and believes that its proposals are a move in the right direction, though modest compared with the scale of the challenge.

— the introduction of flexibility in supply and responsiveness in the event of disruptions.

1.2 It believes that to improve the situation will require:

— the supply of a logistics service as opposed to a simple transport service;

— lower costs so as to be able to offer more competitive prices;

— a more reliable service;

1.3 A genuine logistics service

The basic idea is to simplify for the client something that is intrinsically complex in rail terms. This means providing client follow-up and clear and reliable information, building up the supply of private wagons and developing end to end services that include loading and unloading.

1.4 Lower costs

1.4.1 To achieve lower costs will involve pursuing interoperability and technical harmonisation in Europe. Historically, each network has made its own rules and regulatory and safety systems. Gradually, all the systems must be aligned and implementation of the ERTMS (European Rail Traffic Management System) must be made a top priority.

1.4.2 Whenever realistically possible, by means of appropriate investment, the characteristics of the rail infrastructure should gradually be changed in terms of gauge, train length, gradients and axle load, in order to gear them to the needs of freight transport, as is the case for instance in the United States.

1.4.3 Real progress in competition and the opening up of the market would necessarily lead to greater efficiency and productivity. This raises the issue of rail staff training. New operators entering the market may find that there is a shortage of skilled workers. Care must be taken therefore to ensure that adequate training courses are set up so that this demand can be met and new highly-skilled jobs can be created.

1.4.4 The allocation of costs by infrastructure managers among the various operators must be reviewed and, similarly, the external costs of competing modes of transport should be better allocated so as to create the conditions for free, undistorted competition.

1.4.5 Initiatives such as the Betuwe line, the New OPERA project or FERRMED should be studied and supported so as to learn lessons while sharing experiences and good practice.

1.5 A more reliable service

1.5.1 Binding contractual rules on compensation for customers who receive a poor quality service would provide a good incentive to improve the service provided.

1.5.2 There is a need to work at the quality and reliability of the various elements of the service. This concerns rolling stock and also signals, track and information systems.

1.5.3 A more reliable service also means reserving good train paths for freight, for instance by laying down priority rules to favour freight in cases of traffic clashes on those paths, while obviously bearing in mind the interests of all users. There would for instance be room for manoeuvre regarding traffic timetabling.

1.6 Reasonably short 'end to end' journey times

1.6.1 One of the complaints generally made about rail freight transport is the length and slowness of journeys. To resolve this issue, the freight paths mapped out should have a limited number of stops (or none) and should be designed to ensure there is little danger of traffic clashes with other trains; furthermore, when it comes to operational management in the event of traffic clashes, freight should be given priority wherever possible. High-speed night freight trains should also be developed.

1.6.2 Investment is also needed to prepare infrastructure for higher speed trains, while bearing in mind that greater speeds mean lower authorised axle loads. While something must be done about the current low speed of rail freight, it should be stressed that the most important factor is constancy in speed. Moderate but constant speed is better than the stop/start phenomenon that results in accumulating delays.

1.7 Introducing flexibility

1.7.1 Longstanding traffic management principles and methods, which systematically give priority to passenger trains on preset theoretical paths, have an unintended but real knock-on effect: for a freight train, a short delay on leaving (for instance ten minutes) almost always results in a major delay on arrival (of a number of hours or even a whole day).

1.7.2 The development of technology in the medium to long term will increase real time fluidity in freight train traffic without using a preset theoretical path as the only reference point. The 'moving block' concept, built into the latest stage of the ERTMS, enables more trains to travel on the same infrastructure and better reactions in the event of disturbances. For this to work, all Member States must invest in the ERTMS so as to secure interoperability and continuity in the use of the various national networks as soon as possible.

1.7.3 Investment in capacity is nonetheless necessary for bottlenecks and loading/unloading platforms enabling transport system interoperability.

1.7.4 The issue of marshalling, loading and unloading yards is important but cannot be divorced from that of the secondary networks that serve the regions. The fact is that to be genuinely competitive, maximum proximity of rail freight transport to the client is essential.

1.8 A freight-dedicated network

1.8.1 Although it may not be very realistic to recommend setting up a trans-European freight-dedicated network, there is no doubt that a separate network would be the best way to promote rail freight transport, making it more reliable, more punctual, less expensive and faster. In the immediate future the option of freight-oriented corridors is more realistic, but in the absence of major transcontinental freight-dedicated networks, it may be possible to include in freight-oriented corridors an increasing number of freight-dedicated sections of line in order to link particularly active economic centres, as demonstrated by the success of the Betuwe line between the port of Rotterdam and Germany. All the Member States must become genuinely involved in implementing policies and regulations with a view to making the railways more competitive.

2. Taking stock

2.1 A worrying observation

2.1.1 Whereas freight transport grew by 2.8 % a year between 1995 and 2005, rail freight's market share fell steadily, levelling off at approximately 10 % in 2005, its lowest level since 1945.

2.1.2 According to the Commission, the reasons for this poor performance are a lack of reliability, insufficient capacity, defective information management, slowness and a lack of flexibility. However, despite these shortcomings, new opportunities may arise in the current economic context, marked as it is by an increase in trade, road congestion, increasing fuel prices, and an ever growing concern for environmental conservation.

2.1.3 In the past, the Community has attempted to boost rail transport by means of a three-pronged policy approach:

- opening up the rail freight market, while restructuring old companies;
- developing technical interoperability and common safety rules;
- placing the rail network in the general framework of the trans-European transport network.

2.1.4 It cannot be denied that the results have been disappointing when it comes to transnational transport.

2.2 An evolving common transport policy

2.2.1 The White Paper on European Transport Policy for 2010 aimed to generate a shift from road to rail and already envisaged the establishment of 'multimodal corridors giving priority to freight'. For the sake of practicality, the 2006 revised white paper scaled down its ambitions regarding the shift from road to rail and developed the idea of 'co-modality', though not

without recalling the need to encourage the development of a rail network giving priority to freight.

2.2.2 It is this idea that is developed in the Commission's communication, setting the triple objective of improving speed, reliability and capacity for traffic on a network based on the existing trans-European networks.

3. The Commission's proposals

3.1 The Commission recalls the initiatives already taken to encourage, improve or promote rail freight: developing interoperability and information (Europtirails), building infrastructure (Betuwe line) and establishing corridor structures. However, these have proved insufficient.

3.2 Three options are envisaged for form's sake: maintaining the status quo, bringing in new measures to set up a freight-oriented network, or running a specific programme to set up a European rail network dedicated to freight.

3.3 In accordance with the principles of ancient philosophy, the Commission considers that '*in medio stat virtus*' and rejects the first and third options, one for lacking ambition and the other for being unrealistic.

3.4 Proposed measures

3.4.1 The Commission hopes to develop transnational corridors so as to establish a freight-oriented network. This would involve identifying those corridors with an appropriate infrastructure while implementing an effective management and operating system. This cannot come about, however, unless the Member States sign up to the project as infrastructure managers.

3.4.2 In order to achieve this, the Commission envisages a series of legislative measures to tie in with the recasting of the first railway package planned for 2008, together with incentives and funding, the latter to be released from existing appropriations.

3.4.3 In this way, the Commission's plan is to give freight-oriented corridors legal definition, so as to encourage Member States and infrastructure managers to establish freight-oriented transnational corridors and to seek out financing for these structures, within the framework of existing financing packages.

3.4.4 One of the criticisms made of rail freight is the poor quality of service and a lack of client information. For this reason, the Commission hopes to implement a genuine quality and transparency policy and will propose a legislative measure on the publication of quality indicators. It also intends to publish a report on steps taken by operators to improve the rail service.

3.4.5 Certain sections of the network are saturated, particularly in central regions of the European Union, and this situation is likely to worsen in the years ahead. The key therefore is to invest in infrastructure capacity, particularly in terms of train length, gauge, axle load and maximum speed. The investment will clearly have to be targeted and coordinated. The Commission recommends that corridor management structures draw up investment plans and leaves open the issue of financing, which will have to be found within existing programmes.

3.4.6 The issue of traffic flow and rail freight efficiency ties in with that of the allocation of train paths to freight. At present, the allocation of train paths is decided by individual managers, according to rules that differ from one Member State to another. It would therefore be useful to harmonise the rules for allocating train paths so as to secure reliable, high performance paths.

3.4.7 To achieve this, the Commission plans to propose legislative measures for the international allocation of paths and on the priority given to freight, particularly in the event of network disturbances.

3.4.8 Freight traffic also requires terminals and marshalling yards. However, pressure on real estate in past years led to a tendency to reduce the number of these stations and terminals in urban areas.

3.4.9 On reading the Commission's proposals, it is clear that their success will depend on the measures taken and motivation shown by the Member States and rail sector players.

3.5 *General comments*

3.5.1 The observations made by the Commission on the state of rail freight require no particular comment and only confirm what was already known about the weakness of the sector. To improve the situation will mean mobilising those responsible in the public and private sectors, not only in terms of political willingness and business dynamism, but also in terms of financing.

3.5.2 This is definitely the weak point of the plan. The Commission is proposing a number of legislative measures, but no new allocation of resources. The legal approach may be useful, but is certainly not sufficient. The appropriations needed to implement the plan will have to be found from existing programmes. This will require delicate choices and will be difficult to manage, with measures in one area inevitably affecting another.

3.5.3 Lastly, the success of the plan presupposes strong commitment on the part of the Member States and managing companies, but the former are often short of funds and may have other rail priorities and the latter, which have nonetheless benefited from the separation of expensive-to-maintain networks from operation, are not always in the best financial state.

3.6 *Specific comments*

3.6.1 Establishing transnational corridors is clearly a prerequisite for freight development, but it is common knowledge that freight has up to now been sacrificed in favour of passenger transport. What is needed therefore amounts to a cultural revolution, with inevitable constraints to be accepted by the Member States, and dedicated funding, all the while bearing in mind that as far as the public is concerned the need to give priority to passenger trains goes without saying. The issue is therefore more that of optimal network management and the definition of freight-oriented networks that do not reduce the quality and punctuality of passenger transport. In establishing transnational corridors, account needs to be taken of track gauges in both the old and new Member States, the existing rolling stock employed by railway companies, freight movements in candidate and third countries, and the Russian enclave of Kaliningrad.

3.6.2 The issues of information and transparency are certainly important, but it is clear that customers base their choices primarily on the criteria of price, reliability, speed, and facility of access to terminals and loading and unloading. The key factor is therefore service quality, which depends firstly on the mechanisms for organising rail traffic and secondly on considerable investment.

3.6.3 As regards rail freight competitiveness, it appears to be generally accepted that this type of transport is reserved for a certain type of merchandise, in particular large quantities of heavy goods. There is a need to increase client diversity, in particular through the use of containers, thus expanding the market and making it more competitive, in a context of increased fuel prices and a growing concern to promote sustainable development.

3.6.4 The Commission communication appears weak on the issue of financing, as it offers nothing in the way of specific financing and the solution proposed is founded on delicate choices within the bounds of existing funds.

Brussels, 10 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

Opinion of the European Economic and Social Committee on the 'Communication from the Commission — Communication on a European Ports Policy'

COM(2007) 616 final

(2009/C 27/11)

On 18 October 2007 the European Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the

Communication from the Commission — Communication on a European Ports Policy.

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 8 May 2008. The rapporteur was Mr Simons.

At its 446th plenary session, held on 9-10 July 2008 (meeting of 9 July), the European Economic and Social Committee adopted the following opinion by 122 votes with 5 abstentions.

1. Conclusions

1.1 The EESC welcomes the European Commission's new ports policy communication which mainly proposes measures of a 'soft law' nature. The EESC furthermore supports the general focus on the establishment of a stable investment climate, the sustainable development of ports, a good social climate in ports and the consistent application of Treaty rules.

1.2 The European port scene is becoming more diverse in terms of the number of ports involved and the scope of port functions and services. The EESC recommends that EU ports policy should support this market-driven process by ensuring that all European ports are able to use their full potential in a sustainable manner.

1.3 The EESC welcomes the Commission's initiative to develop a rail-freight oriented network and urges Member States to give priority, without going to the detriment of rail passenger transport, to the implementation of major cross-border rail infrastructure projects connecting to ports.

1.4 The EESC welcomes the Commission's initiative to issue guidelines to solve the ambiguities related to the application of Community environment legislation to port development and recommends that these are published before the end of 2008.

1.5 The European Commission should step up measures to ensure administrative facilitation in ports. The EESC therefore welcomes the Commission's intention to present a European Maritime Transport Space without Barriers in 2008. The Commission and, in particular, Member States should make further progress with the modernisation of customs and give this higher political priority.

1.6 The EESC agrees with the Commission that a level playing field among ports can be enhanced through the devel-

opment of State aid guidelines and transparency of financial accounts. Equally, the guidance included in the Communication on the use of concessions, technical-nautical services and labour pools is felt to be generally helpful and clear. Finally, the Commission should take further initiatives to ensure fair competition between EU and neighbouring non-EU ports.

1.7 The EESC welcomes the Commission's aim to promote and enhance co-operation between cities and their ports. In particular, it invites the Commission to organise a proper study on the socio-economic impact of ports.

1.8 The EESC welcomes the Commission's decision to encourage European social partners to create a European sectoral social dialogue committee in ports.

2. Introduction

2.1 Throughout the last ten years the EESC actively participated in the debate on a common EU ports policy. Given the key role seaports play for the socio-economic development, welfare and cohesion of the European Union such a common policy has significant added value.

2.2 The EESC adopted opinions on the *Green Paper on Sea Ports and Maritime Infrastructure* COM (1997) 678 ⁽¹⁾ as well as on the two legislative proposals of the European Commission to open up markets for port services in European seaports ⁽²⁾. On 26 April 2007, the EESC furthermore adopted an own-initiative opinion on a common EU ports policy ⁽³⁾. Taking into account the confrontational climate which characterised the debate on the port services' Directive, this opinion focused on those aspects of a European seaport policy on which stakeholders in the port sector could reach consensus.

⁽¹⁾ OJ C 407 of 28.12.1998.

⁽²⁾ Opinions of the EESC on the Proposal for a Directive of the European Parliament and of the Council on market access to port services COM(2001) 35 final OJ C 48 of 21.2.2001, p. 122 and COM(2004) 654 final OJ C 294 of 25.11.2005, p. 25.

⁽³⁾ OJ C 168 of 20.7.2007, p. 57.

3. European Commission communication on a European Ports Policy

3.1 The European Commission published on 18 October 2007 its communication on a European Ports Policy. This communication is the result of a year-long stakeholder consultation process which consisted of two conferences and six thematic workshops. The communication resorts under the Commission's overall maritime policy strategy and is part of its new freight transport agenda.

3.2 The objective of the new European ports policy is to promote a performing EU port system able to cope with the future challenges of EU transport needs. According to the Commission, these challenges include the demand for international transport, technological change, emissions and climate change, dialogue between ports, cities and stakeholders and, finally, reconciliation with transparency, competition and in general the Community set of rules.

3.3 The communication's actual policy proposals generally consist of a mixture of interpretation of Treaty rules and an action plan with further measures, which are mostly of a 'soft law' nature.

3.4 These are:

- port performance and hinterland connections,
- expanding capacity while respecting the environment,
- modernisation,
- a level playing field with clarity for investors, operators and users,
- structured dialogue between ports and cities,
- work in ports.

4. General observations

4.1 The EESC welcomes the Commission's communication as it recognises the strategic importance of seaports for Europe's external and internal trade as well as their contribution to economic development and employment.

4.2 The EESC particularly welcomes the fact that the Commission does not propose interventionist measures but focuses — within the scope of EU Treaty rules — on the establishment of a stable investment climate, the sustainable development of ports, a good social climate in ports.

4.3 The EESC is also pleased to see that the Commission is using 'soft law' as an alternative to legislation on the one hand and a case-by-case approach on the other.

4.4 The EESC nevertheless has a number of specific comments and recommendations on the different chapters of the Commission's communication.

5. Specific observations

5.1 *The economic context and challenges for the European port system*

5.1.1 The EESC takes note of the Commission's conclusion that movement of containerised cargo is currently concentrated

in a handful of north-west European ports. It should however also be recognised that there is a trend towards participation of an increased number of ports in the European container market rather than a channelling of traffic through only a few ports. The strongest growing container ports in 2006 were mostly small and medium-sized ports located in various port ranges in Europe. Port ranges located at substantial distance are thus increasingly competing with each other⁽⁴⁾. EU ports policy can support this process by ensuring that all European ports are able to use their full potential in a sustainable manner.

5.1.2 The EESC highlights in addition to the list of challenges identified by the Commission those of globalisation and consolidation which characterise the European port and shipping sector. This phenomenon is especially visible in the container market but also occurs in other markets such as ro-ro, general cargo and bulk. European seaports deal with international shipping groups and large terminal operator groups have emerged which now provide services in several European ports. The challenge for a port authority is to ensure commitment from these global operators as well as compliance with the development objectives of the port in respect of relevant European policies.

5.2 *Port performance and hinterland connections*

5.2.1 The EESC agrees with the Commission that the first option to cope with increased demand for port and port-related capacity should be an optimisation of the use of existing port facilities and access routes. The EESC further agrees that a full societal cost-benefit analysis should be made before new infrastructural developments are envisaged. These should take into account economic, social and environmental considerations as these form the pillars of the EU Lisbon agenda.

5.2.2 As explained above, market processes are already driving towards a more diverse European port scene. The bottom-up principle should be fostered whereby project proposals are designated by the managing body of a port in conjunction with regional or national authorities where applicable. This does not, of course, alter the fact that the EU shall continue to formulate objectives and to provide guidelines.

⁽⁴⁾ Seen over a long-term period, the average European container market share of ports in the Hamburg — Le Havre range dropped from 61 % in 1975 to 48 % in 2003, whereas the market share of ports in the Mediterranean range doubled from 18 % in 1975 to 36 % in 2003. Furthermore, the port concentration level in Europe for container traffic (measured by the Gini-coefficient) has constantly decreased since 1990 thus pointing at a rise in entry points to the European market. The strongest growing container ports in 2006 (in relative terms) were mostly medium and smaller-sized ports located in different European regions (Amsterdam, Sines, Rauma, Constanța, Kotka, Tallinn, Bremerhaven, Zeebrugge and Gdynia) — Source: Institute of Transport and Maritime Management Antwerp (ITMMA)/University of Antwerp This stands for instance in sharp contrast to the situation in the United States where the port concentration level has increased dramatically over the same period. Source: Notteboom, T. (2007), Market report on the European seaport industry, which uses data provided by Eurostat and individual ports).

5.2.3 The Commission can however use the 2010 mid-term review of the Trans-European Transport Network to help resolving bottlenecks with regard to hinterland connections to ports. This should however be done on the basis of objective criteria.

5.2.4 The EESC furthermore repeats its request to the Commission to step up efforts to solve remaining bottlenecks in the hinterland through its general transport policy instruments, in particular with regard to inland navigation and rail freight. Especially rail remains a serious bottleneck for the optimal performance of ports and their integration in logistics chains. In this respect, the EESC welcomes the Commission's initiative to develop a rail-freight oriented network and urges Member States to give priority, without going to the detriment of rail passenger transport, to the implementation of major cross-border rail infrastructure projects connecting to ports.

5.3 Expanding capacity while respecting the environment

5.3.1 The EESC very much welcomes the Commission's initiative to issue guidelines on the application of Community environment legislation to port development. This will mean an important step forward in solving some of the ambiguities created by EU legislation such as the Birds and Habitats Directives and the Water Framework Directive. Given the urgency of the matter, the EESC recommends that these guidelines are published before the end of 2008.

5.3.2 The EESC further also invites the Commission to consider additional measures to reinforce the legal status of port development projects and simplify existing legislation, as outlined in more detail in the EESC's own-initiative opinion ⁽⁵⁾.

5.3.3 Clearly stating that contaminated sediment has to be subject to appropriate treatment, the EESC further recommends that pending legislative proposals which will affect the management of water bodies and sediments, such as the Waste Directive and the 'Daughter Directive' of the Water Framework Directive ⁽⁶⁾, must recognise that non-contaminated sediment is not to be regarded as waste and does not have to follow the treatment of contaminated sediment because dredging operations of non-contaminated sediment do not introduce nor add any substances of pollution into a water body.

5.3.4 Finally, the EESC agrees with the Commission's proposals regarding the provision of ship's waste reception facilities in ports and the improvement of air emissions. The EESC recommends that economic incentives through harbour dues are best left to the discretion of each individual managing body of the port since such measures would affect the financial structure of ports which differs greatly in Europe.

⁽⁵⁾ See Section 4 of the Opinion OJ C 168, 20.7.2007, p. 57 on a common EU ports policy.

⁽⁶⁾ Proposal for a Directive of the European Parliament and of the Council on waste (COM(2005) 667) and the proposal for a Directive of the European Parliament and of the Council on environmental quality standards in the field of water policy and amending Directive 2000/60/EC (COM(2006) 397).

5.4 Modernisation

5.4.1 The EESC welcomes the intention to present a legislative proposal on the creation of a European Maritime Transport Space without Barriers in 2008 and refers to the specific comments which it has already expressed in several earlier opinions ⁽⁷⁾.

5.4.2 The EESC further repeats its recommendation that the EU should make further progress with the modernisation of customs and ensure that its policies on customs, maritime safety, security, public health and environmental quality are properly coordinated and harmonised and do not unduly transfer government responsibilities to ports.

5.4.3 The EESC supports the development of single windows and the deployment of 'e-maritime', 'e-customs' and 'e-freight' initiatives. At the same time it believes that ITC-based solutions should be cost-effective, also for smaller and medium-sized ports.

5.4.4 Finally, on efficiency improvement, the EESC supports the Commission's proposal to develop a set of generic European indicators by the end of 2009 provided these respect commercially sensitive data. These indicators, based on the ones existing in the fields of air-, coastal-, and combined rail transport, are to be developed accordingly for elements relevant to ports, such as performance of ports installations, collaboration between ports and the pooling of hinterland activities.

5.5 A level playing field — clarity for investors, operators and users

5.5.1 The EESC endorses the Commission's view on the role of port authorities and the diversity of port management systems in Europe. It particularly subscribes to the recognition that the important tasks of port authorities can be better fulfilled if they enjoy a sufficient degree of autonomy and, especially, full financial autonomy.

5.5.2 The EESC equally welcomes the Commission's announcement to adopt guidelines on State aid in 2008. In this respect, the EESC refers to the basic principles on the use of public funding in ports it has elaborated in its own-initiative opinion of 26 April 2007.

5.5.3 The EESC is also pleased to see that the Commission has adopted its recommendation to extend the provisions on transparency of Directive 2006/111/EC to all merchant ports, irrespective of their annual turnover.

⁽⁷⁾ OJ C 168, 20.7.2007, p. 50, Opinion on the Communication from the Commission — Towards a future Maritime Policy for the Union: A European vision for the oceans and seas COM(2006) 275 final. OJ C 168, 20.7.2007, p. 57, Opinion on a common EU ports policy (Own-initiative opinion). OJ C 151, 17.6.2008, p. 20, Opinion on the Motorways of the sea in the logistics chain (exploratory opinion). OJ C 168, 20.7.2007, p. 68, Opinion Communication from the Commission — Mid-Term Review of the Programme for the Promotion of Short Sea Shipping [COM(2003) 155 final] COM(2006) 380 final.

5.5.4 In its own-initiative opinion the EESC recommended guidance on the use of selection procedures, such as tenders or other acceptable instruments, conditions for concessions and land-lease agreements as well as guidance on the legal status of those port services which service as a public service, for example for the overall safety in ports.

5.5.5 The Commission has met this request by providing guidance in its ports policy communication on the use of concessions and technical-nautical services. The EESC finds that the Commission's interpretation of Treaty rules and case-law is generally helpful and clear. The EESC however underlines that technical-nautical services have the common characteristic of being related to safety of navigation which should justify their qualification as services of general economic interest.

5.5.6 An intelligent concession policy should ensure intra-port competition as well as optimal performance and commitment of terminal operators. The EESC recommends that the Commission regularly reviews the guidance it has provided on concessions to ensure that it effectively matches the above objectives and contains sufficient common elements so as to guarantee a level playing field among port authorities. The latter is particularly relevant given the ongoing consolidation process in the cargo handling market as outlined above.

5.5.7 The EESC welcomes the Commission's proposal to help disseminating best practices on transparency in port charges. The EESC firmly believes that port charges should be set at the local level of the port so that they can optimally match the requirements of port users and the overall interest of the port.

5.5.8 Finally, the EESC is pleased to see that the Commission has taken up its recommendation to address cases of unfair competition by neighbouring non-EU ports. Through its accession and external relations policies, the Commission should also step up actions to address politically-inspired distortions such as the Turkish embargo on Cypriot-flag ships and ships emanating from Cypriot ports, the Aegean Sea Turkish-Greek problems as well as the Baltic-Russian border crossing problems.

5.6 *Establishing a structured dialogue between ports and cities*

5.6.1 The EESC welcomes the Commission's aim to promote and enhance co-operation between cities and their ports. Integration of ports into cities and city life combined with a strong awareness, interest and even pride of citizens in port activities are vital for the sustainable development of ports. In this respect, the EESC particularly supports synergies with tourism, recreation, heritage and culture generally.

5.6.2 The EESC also emphasises the lack of reliable data on direct and indirect employment and added value generated by European ports. It has for instance the impression that the employment data used in the Communication largely underestimate the actual situation. The EESC therefore invites the Commission to organise a proper study into this field.

5.6.3 Finally, the EESC supports the Commission's intention to assess the impact of security measures on accessibility of ports and to provide guidance on how both can be reconciled.

5.7 *Work in ports*

5.7.1 The EESC emphasised the need to promote good and safe working conditions and surroundings as well as constructive labour relations in ports. The EESC notes with satisfaction that the Commission devotes considerable attention to this theme in its ports policy communication.

5.7.2 The EESC repeats its view that the efficiency of operations in ports depends both on a reliability and safety component which are, despite technological progress, to a large extent determined by the human factor. This explains the need for a qualified and well-trained workforce in ports, both landside and on board ships. The EESC has recommended that social partners should play an important role in creating and maintaining these conditions and that, at European level, the Commission should support their input by facilitating social dialogue.

5.7.3 The EESC is therefore pleased that the Commission's has decided to encourage European social partners to create a European sectoral social dialogue committee in ports within the meaning of Commission Decision 98/500/EC.

5.7.4 The EESC supports the Commission's intention to set up a mutually recognisable framework on training of port workers but proposes to first compare the different existing systems of professional qualifications for port workers. This could usefully be done in the context of the European social dialogue.

5.7.5 Finally, the EESC agrees with the Commission that the implementation of rules on safety and health of workers in ports, be these Community rules or rules established by the International Labour Organisation, need to be closely monitored and statistics on accidents improved. However, the EESC also urges that initiatives be taken at all levels within the adequate forums to secure a further improvement of safety and health.

Brussels, 9 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

Opinion of the European Economic and Social Committee on 'Road transport — working time of self-employed drivers'

(2009/C 27/12)

On 20 November 2007 the European Economic and Social Committee decided to draw up an additional opinion, under Rule 29 A of the Implementing provisions of its Rules of Procedure, on:

Road transport — working time of self-employed drivers.

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 5 June 2008. The rapporteur was Mr Chagas ⁽¹⁾, replaced by Mr Curtis.

At its 446th plenary session, held on 9 and 10 July 2008 (meeting of 9 July 2008), the European Economic and Social Committee adopted the following opinion by 121 votes to 14, with 6 abstentions.

1. Conclusions

1.1 The EESC believes that all self-employed drivers should be included in the scope of Directive 2002/15/EC (as of 23 March 2009), as provided for by Article 2 thereof.

1.2 This requires Member States to have transposed the directive correctly, particularly the definition of self-employed driver.

1.3 The EESC feels that inclusion of these drivers is necessary in order to promote road safety, foster fair competition and improve the working conditions of mobile and self-employed workers — particularly their physical and mental health. It is understood the general administrative tasks as defined in the directive (Article 3, a-2) are not included in the definition of working time.

1.4 The EESC considers that an internal market in European road transport requires a level playing field, based on the effective practical implementation of social legislation for the industry. Making a distinction as regards the implementation of legislation on working time between mobile and self-employed workers helps to create unfair competition. For this reason the EESC cannot accept the option of only including 'false self-employed' drivers in the scope of the directive.

1.5 To counter the potential difficulties in implementing the inclusion of these drivers the EESC recommends co-liability between the various operators in the transport chain, as per the regulation on driving time and rest periods.

1.6 The EESC points out that promoting cooperation at European level between the different national administrations is essential if the directive is to be implemented effectively.

1.7 The EESC believes that the inclusion of self-employed drivers in the scope of the directive must not result in them being burdened with unnecessary administrative tasks.

2. Introduction

2.1 The EESC has already done extensive work on European road safety policy and has acquired considerable expertise in this area. In its most recent own-initiative opinion, entitled 'European Road Safety Policy and Professional Drivers — Safe and secured parking places' (TEN/290) ⁽²⁾, the Committee addressed the important issue of rest areas for professional drivers, as part of road infrastructure policy. However, another very important issue which complements the opinion on safe and secure parking is the working time of self-employed drivers in road transport. The different economic, social and safety aspects have not yet been addressed adequately at European level. The present additional opinion has also been drawn up in response to the report from the Commission to the Council and the European Parliament on the consequences of the exclusion of self-employed drivers from the scope of Directive 2002/15/EC of the European Parliament and of the Council of 11 March 2002 on the organisation of the working time of persons performing mobile road transport activities (COM(2007) 266 final).

2.2 Directive 2002/15/EC establishes minimum requirements in relation to the organisation of working time in order to improve the health and safety protection of persons performing mobile road transport activities, to improve road safety and to align conditions of competition. The directive came into force on 23 March 2002 and Member States had three years, until 23 March 2005, to implement its provisions in relation to mobile workers. Article 2(1) of the directive states that its provisions shall apply to self-employed drivers from 23 March 2009. In the meantime, the Commission was to submit a report to the Council and the European Parliament and then a legislative proposal based on the report.

⁽¹⁾ Resigned member.

⁽²⁾ OJ C 175 of 27.7.2007, pp. 88-90.

2.3 As part of the final conciliation agreement reached between the European Parliament and the Council on this directive, it was concluded that no later than two years before this date, i.e. by 23 March 2007, the Commission should present a report to the European Parliament and the Council, which would analyse the consequences of the exclusion of self-employed drivers from the scope of the directive in respect of road safety, conditions of competition, the structure of the profession, and social aspects. The report should take into account the circumstances in each Member State relating to the structure of the transport industry and to the working environment of the road transport profession.

2.4 On the basis of the report, the Commission should submit a proposal either (a) to set out the procedures for inclusion of self-employed drivers who undertake purely national transport activities and who face particular constraints; or (b) not to include self-employed drivers within the scope of the directive.

2.5 Article 7(2) of the directive also required the Commission to assess the consequences of the directive's night work provisions and report on them by 23 March 2007 in the context of the biennial report which it is obliged to provide on the implementation of the directive.

3. The Commission report

3.1 According to the Commission, the report provides an overview of the current state of implementation of the directive by the Member States, addresses the potential consequences of the exclusion of self-employed drivers from its scope and assesses the consequences of its night work provisions.

3.2 The first conclusion is that most Member States did not manage to transpose the directive within the three-year period provided. The Commission does not, therefore, consider itself to be in a position to issue its first biennial report, which was scheduled for March 2007.

3.3 With regard to the consequences of the exclusion of self-employed drivers, the Commission recalls why it had proposed including them: the regulation on driving time and rest periods does not make any such distinction between drivers; to prevent the risk of fragmentation through drivers being encouraged to become '(false) self-employed'; and to ensure that the aims of fair competition and improving road safety and working conditions are applied across the entire sector.

3.4 Based on the conclusions of a report drawn up by external consultants, the Commission acknowledges that fatigue and its consequences for road safety can affect all drivers, whether they are self-employed or a mobile worker. Furthermore, the report also confirmed that self-employed drivers work longer hours than mobile road transport workers and that both categories work more than workers in other sectors.

3.5 Whilst acknowledging that a 'reduction in working time could undoubtedly help reduce fatigue', the external report also concludes that 'this could lead to higher levels of stress, as the self-employed driver tries to achieve more in less time in order to maintain his profitability, which in turn could lead to greater fatigue and accidents'. The Commission appears to share this view.

3.6 As regards the conditions for competition, the Commission accepts the report's conclusion that exclusion of the self-employed would encourage a continuation of the current trend towards fragmentation and that this should not have a significant impact on competition within the industry. By contrast, inclusion would result in an increase in the cost burden and a reduction in working time, so the competitive advantage of the self-employed within the road freight industry would be substantially reduced. The Commission thus appears to favour the option of the directive applying only to 'false' self-employed drivers.

3.7 The Commission also considers that 'while continued exclusion may be preferable for economic reasons, the potential social impacts of exclusion or inclusion are less obvious. Exclusion may not help to mitigate health and safety problems; on the other hand inclusion may generate additional stress and administrative workload for the self-employed while reducing their income'.

3.8 By way of conclusion, the Commission suggests that inclusion might impose greater emotional stress and financial difficulty on the self-employed and be difficult to enforce and therefore ineffective.

3.9 With regard to evaluating the consequences of the directive's provisions on night-working, the Commission concludes that the enforcement of the rules deserves more detailed examination.

4. General comments

4.1 The Committee takes note of the Commission report on the consequences of the exclusion of self-employed drivers from the scope of the directive on the working time of persons performing mobile road transport activities.

4.2 The exclusion of self-employed workers from the scope of the directive has, according to a number of stakeholders, distorted competition in the road haulage industry. This recently led the Committee to make the following request in its opinion on the mid-term review of the transport White Paper (TEN/257 — rapporteur: Mr Barbadillo Lopez) ⁽³⁾:

⁽³⁾ OJ C 161, 13.7.2007, p. 89.

'The social legislation covering road transport must preserve equal treatment for workers, whether they are employees or self-employed and, therefore, Directive 15/2002 of 11 March 2002, on the organisation of working time of persons performing mobile road transport activities must apply immediately to self-employed workers, without a transitional period, since the aim of this Directive is to ensure road safety, to avoid distortion of competition and to promote better working conditions.' (point 4.3.1.2)

4.3 Against this backdrop, the EESC wishes to express serious doubts as to the conclusions concerning road safety, conditions for competition and the social aspects set out in the study.

4.4 The Committee considers that if there is a will to promote road safety, foster fair competition and improve the working conditions of mobile and self-employed workers — and particularly their physical and mental health — the scope of Directive 2002/15/EC should include self-employed drivers.

4.5 Excessive working hours are a major contributory factor to fatigue and hence to falling asleep at the wheel and jeopardising road safety. A level playing field is achieved when the prices paid to sub-contractors by the major companies organising all aspects of the distribution and transport of goods respect the social legislation concerning the industry, for mobile workers as well as self-employed drivers.

4.6 Exclusion of self-employed drivers from the scope of Directive 2002/15/EC does not necessarily cause additional stress, because self-employed drivers will be subject to pressure from contractors to lower their prices. They will have to work longer hours in order to achieve the same profit margin, at the expense of road safety, their health and the already delicate balance between working and family life.

4.7 The EESC considers, however, that the inclusion of self-employed drivers in the scope of Directive 2002/15/EC requires the directive to have been correctly transposed, particularly the definition of self-employed driver.

4.8 The Commission, as guardian of the Treaty, should ensure that the definition of 'self-employed driver', as stipulated in Article 3(e) ⁽⁴⁾ of the directive, is correctly transposed by the Member States. Correct transposal is the first condition that

⁽⁴⁾ Article 3(e) "self-employed driver" shall mean anyone whose main occupation is to transport passengers or goods by road for hire or reward within the meaning of Community legislation under cover of a Community licence or any other professional authorisation to carry out the aforementioned transport, who is entitled to work for himself and who is not tied to an employer by an employment contract or by any other type of working hierarchical relationship, who is free to organise the relevant working activities, whose income depends directly on the profits made and who has the freedom to, individually or through a cooperation between self-employed drivers, have commercial relations with several customers. For the purposes of this Directive, those drivers who do not satisfy these criteria shall be subject to the same obligations and benefit from the same rights as those provided for mobile workers by this Directive.'

needs to be met if a Member State wishes to combat the phenomenon of 'false self-employed' drivers.

4.9 In addition, inclusion of self-employed drivers must be flanked by an amendment to the directive concerning the co-liability of the different players in the transport chain. Article 10(4) of the regulation on driving time and rest periods ⁽⁵⁾ states that 'Undertakings, consignors, freight forwarders, tour operators, principal contractors, subcontractors and driver employment agencies shall ensure that contractually agreed transport time schedules respect this Regulation.' This co-liability should be extended to the implementation of legislation on working hours. This would help to establish a level playing field for mobile workers and self-employed drivers: when the latter find themselves working as sub-contractors, they face pressure to lower their prices by working long hours. A situation of unfair competition, to the detriment of mobile workers, can thus be avoided.

4.10 The EESC does not consider the study's conclusions on the additional stress that including self-employed drivers in the scope of the directive would entail to be reasonable. The definition of working time that the consultants have used is unclear. If self-employed drivers are, in the same working hours, obliged to carry out the administration and management of all of their transport operations — tasks that mobile workers are not obliged to carry out — additional stress will certainly ensue. If they carry out the same type of activity as mobile workers in the same working hours, it is hard to see why self-employed drivers should suffer greater stress than mobile workers. It is understood the general administrative tasks as defined in the directive (Article 3, a-2) are not included in the definition of working time.

4.11 Moreover, if reducing working time helps to reduce fatigue but creates stress, self-employed workers face an unenviable choice. In the EESC's view, road safety is the number one priority and fatigue as a consequence of long working hours, including driving time, can cause road accidents, whether drivers are mobile or self-employed.

4.12 Furthermore, the study omits to state — and the Commission agrees with its reasoning — that drivers' stress can continue to exist and increase even if they are excluded from the directive, because contractors will certainly raise this possibility in order to exert pressure on drivers to lower their prices.

4.13 The Commission highlights the fact that the Council has not accepted any requirement whatsoever for minimal systematic monitoring of the rules on working hours. Like the

⁽⁵⁾ Regulation (EC) No 561/2006 of the European Parliament and of the Council of 15 March 2006 on the harmonisation of certain social legislation relating to road transport and amending Council Regulations (EEC) No 3821/85 and (EC) No 2135/98 and repealing Council Regulation (EEC) No 3820/85.

Commission, the EESC regrets this situation but does not see it as a reason for not adapting legislation to self-employed drivers. The fact that monitoring the working time of self-employed drivers is difficult does not mean that it should not be done. The co-liability of the stakeholders in the transport chain in implementing legislation could, therefore, play a significant role. Should it become clear that contracts between the different stakeholders in the transport chain are such that applying an average duration of 48 hours is impossible, at least one feature will be in place to protect the self-employed driver from excessive driving time and working hours.

4.14 The EESC considers that an internal market in European road transport requires a level playing field, based in particular on the effective practical implementation of social legislation for the industry. Making a distinction for the implementation of legislation on working time between mobile and self-employed workers simply helps to create unfair competition. For this reason the EESC cannot accept the option of only including 'false self-employed' drivers in the scope of the directive.

4.15 The Committee also wishes to point out that a number of States with different road transport operator market structures, such as Estonia (which has few self-employed drivers) and Slovakia (where 70 % of drivers are self-employed) have chosen to include self-employed drivers in Directive 2002/15/EC. This being the case, the EESC fails to understand why the Commission wishes at all costs to keep self-employed drivers outside the scope of Directive 2002/15/EC for economic reasons.

4.16 The Commission rightly acknowledges that the term 'social aspects' covers not only the health and safety and

working conditions of mobile and self-employed workers, but also their remuneration and work-life balance.

4.17 According to the Commission, 'exclusion offers them the possibility of increased job control and higher income, with the need to invest more time and energy to make it profitable'.

4.18 The EESC wishes to point out that the definition of working time for self-employed workers is unclear and/or assumes that general administrative tasks are not carried out during working hours. In the latter example, the EESC fails to understand why higher income for self-employed drivers should be attributed to their exclusion from the working time directive.

4.19 The EESC points out that promoting cooperation at European level between the different national administrations is essential if the directive is to be implemented effectively.

4.20 The EESC believes that the inclusion of self-employed drivers in the scope of the directive must not result in them being burdened with unnecessary administrative tasks.

4.21 In the wake of this study, the Commission wishes to carry out yet another — more detailed — impact assessment before drawing up its legislative proposal. This assessment should take account of new aspects such as the new regulation on driving time and rest periods. Furthermore, the Commission intends this impact assessment to uphold the exclusion of genuine self-employed drivers from the scope of the sector-specific rules on working time. The EESC is not convinced of the added value of another impact assessment.

Brussels, 9 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

Opinion of the European Economic and Social Committee on the ‘Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions — a European Strategic Energy Technology Plan (SET-PLAN) “Towards a low carbon future”’

COM(2007) 723 final

(2009/C 27/13)

On 22 November 2007 the Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the

Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions — a European Strategic Energy Technology Plan (SET-PLAN) Towards a low carbon future.

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 5 June 2008. The rapporteur was Mr Zbořil.

At its 446th plenary session, held on 9-10 July 2008 (meeting of 9 July), the European Economic and Social Committee adopted the following opinion by 127 votes with 5 abstentions.

1. Recommendations and conclusions

1.1 The EESC welcomes the Commission's Communication and accompanying working documents and concurs with the analysis and description of the position regarding energy technologies. Without a sound strategy to develop energy technologies, any thought of curbing climate change is seriously undermined. For this reason the EESC supports the adoption of the SET-Plan.

1.2 The Communication adds considerable weight to a key element of energy policy — a secure energy supply that is both viable and socially and environmentally sustainable. Security of supply means not just the physical availability of supplies, but also their availability at socially acceptable prices.

1.3 The Commission's Communication quite rightly puts the development of energy technologies at the forefront of efforts to rein in climate change, a position which echoes the conclusions adopted by the 13th Conference of Parties (COP 13) in Bali in December 2007 ⁽¹⁾.

1.4 The Commission's Communication is perfectly correct in drawing attention to the vital importance of time in implementing the proposed strategy (the SET-Plan) if the EU is to fulfil its March 2007 pledge of reducing greenhouse gas emissions by 2020.

1.5 If the EU is to speed up development and the practical application of new energy technologies, it requires more targeted and effective mechanisms which enlist the potential of

public funding, industry, universities and research and boost the synergy between them. At the international level, broader collaboration and measures to prevent the fragmentation of research are also needed.

1.6 The EESC greatly values the position taken by the Commission in its Communication of urging financial, but above all human, resources to be mobilised at all four levels: the private sector, Member State level, Community level and world-wide. The Committee stresses that an important prerequisite for mobilising human resources is support across the board for education in science and technology.

1.7 The strategic plan should include not only the setting of priorities at EU level, but also the establishment of specific priorities at Member State level that respect their capacities and experience, the allocation of sufficient funds from public finances (of the EU and Member States), the optimum use of research and development capacities and private sector involvement encouraged by sufficient stimuli from the energy market, as well as other legal and fiscal instruments.

1.8 The Committee thinks it would be detrimental if what is incontestably the most important instrument for curbing climate change — a strategy for the development and application of energy technologies — were to be overshadowed by other issues which, realistically speaking, must instead provide the necessary framework for supporting and stimulating this development (EU ETS, support for the use of renewable energy sources, the Third Energy Package etc.). Only a true shift toward more effective technologies in the production and consumption of all forms of energy can achieve a real reduction in greenhouse gas emissions.

⁽¹⁾ See the decision of the UN's 13th Meeting of the Conference of the Parties to the Framework Convention on Climate Change — the Bali Action Plan.

1.9 The analysis of the present, very unsatisfactory, situation is remarkably succinct and pertinent, quite rightly pointing to organisational and administrative problems that society must tackle alongside the scientific and technological ones.

1.10 Recommendations at EU level urge that attention and appropriate support be devoted to technologies using renewables, clean energy technologies for heating and the latest infrastructure for distributing and storing energy. For the time being, however, some forms of renewable energy are very costly and will continue to be so far into the future. Unfortunately, energy-saving technologies for end-use consumption, clean fossil fuel technologies, nuclear energy (both fission and fusion) and safe storage of nuclear waste are relegated to the sidelines. It should not be forgotten that many countries are dependent on fossil fuels and nuclear energy and this dependency will continue into the foreseeable future.

1.11 Heavy private-sector involvement is, in the EESC's view, absolutely crucial. The EU and the governments of the Member States must provide the necessary environment for this, not only by defining the principles, priorities and goals of energy policies, but also by creating the instruments to help meet these.

1.12 The key element is to establish market rules in the energy sector, especially the correct incorporation of externalities, including social costs, in the prices of all forms of energy. The EU and the Member States will probably have to create a legislative and fiscal environment to ensure a better combination of public and private funding in energy research and development.

1.13 The feasibility of each Member State using renewable energy sources and being involved in programmes to develop energy technologies should be assessed on its natural environment and physically accessible resources.

1.14 Progress in advanced energy technologies for the consumer must be put at the service of sustainable development. A strategic coordination of energy research and development which sets content and scheduling priorities at Community and Member State levels, together with the necessary operational mechanisms such as systems for management, monitoring and information flows, can go a long way to achieving the desired goals.

1.15 In extending cooperation in the research and development of new energy technologies beyond the Community, priority should be given — before new agreements are concluded — to making the best use of existing institutions,

contracts and agreements, especially those that have proved their worth.

1.16 The SET-Plan is a key strategic approach of the European economy in developing and bringing on stream the technologies needed to curb climate change by cutting greenhouse gas emissions by 2020 and beyond to 2050.

2. Introduction

2.1 On 22 November 2007, the Commission issued a proposal entitled A European Strategic Energy Technology Plan (SET-Plan) COM(2007) 723 — 'Towards a low carbon future', together with the working documents 'Full impact assessment' SEC(2007) 1508, 'Summary Impact Assessment' SEC(2007) 1509, 'Technology Map' SEC(2007) 1510, and 'Capacities Map' SEC(2007) 1511. This set of documents contains the background to the SET-Plan and resources which are available and must be mobilised to achieve its aims. Together they constitute an urgent appeal for closer and more coordinated collaboration on research and development at all levels ⁽²⁾.

2.2 This is a strategic approach in one of the key areas of endeavour (if not the key area) to reduce climate change by cutting greenhouse gas emissions — specifically by 20 % in the EU by 2020, and possibly by 30 % if the world community joins the EU initiative. These core aims in the fight against climate change were set out by the European Council, together with the main political substance of the Energy Policy for Europe, on 9 March 2007.

2.3 Enormous advances in energy technology will be needed to stabilise atmospheric carbon dioxide concentrations at acceptable level. There is no question about whether technological innovation is necessary — it is. The question is to what degree should policy focus directly on motivating such innovation ⁽³⁾? The complacency with 'technology already available' is extremely dangerous and the SET Plan, thoroughly projected and implemented, is the basic appropriate choice to achieve the required reduction targets.

3. Commission documents

3.1 Europe needs to act now, together, to deliver sustainable, secure and competitive energy. Harnessing technologies is vital to achieve the Energy Policy for Europe objectives adopted by the European Council on 9 March 2007. To meet the targets, we need to lower the cost of clean energy and put EU industry at the forefront of the rapidly growing low carbon technology

⁽²⁾ The EESC has issued a number of highly pertinent opinions on this issue, such as OJ C 241, 7.10.2002, p. 13 Research and Energy, which have lost nothing of their relevance.

⁽³⁾ Pielke, R.Jr at al, Dangerous assumptions, Nature, Vol. 452/3 p. 531, 532, 3 April 2008.

sector. In the longer term, new generations of technologies have to be developed through breakthroughs in research if we are to meet the greater ambition of reducing our greenhouse gas emissions by 60-80 % by 2050.

3.2 Current trends and their projections into the future show that we are not on a pathway to meet our energy policy objectives. The easy availability of resources has not only left us dependent on fossil fuels, but has also tempered the interest in innovation and investment in new energy technologies. Public and private energy research budgets in the EU have declined substantially since peaking in the 1980s in response to the energy price shocks. This has led to an accumulated under-investment in capacities and infrastructures. If EU governments were investing today at the same rate as in 1980, the total EU public expenditure for the development of energy technologies would be four times the current level of investment of around 2.5 billion euros per year.

3.3 The market take-up of new energy technologies is additionally hampered by the commodity nature of energy. Legal and administrative barriers complete this innovation-averse framework. Public intervention to support energy innovation is thus both necessary and justified.

3.4 The main global players, the United States and Japan, but also emerging economies such as China, India and Brazil, are facing the same challenges and are multiplying their efforts. Their market size, investment and research capacities far exceed those of most Member States. Fragmentation, multiple non-aligned research strategies and sub-critical capacities remain a prevailing characteristic of the EU research base. If we fall behind in the intensifying global race to win low carbon technology markets, we may need to rely on imported technologies to meet our targets, missing out on huge commercial opportunities for EU businesses.

3.5 The transition to a low carbon economy will take decades and touch every sector of the economy, but we cannot afford to delay action. Decisions taken over the next 10-15 years will have profound consequences for energy security, for climate change, for growth and jobs in Europe.

3.6 First and foremost, we need a step change in efficiency in energy conversion, supply and end-use. In transport, buildings and industry, available technology opportunities must be turned into business opportunities. We need to fully harness the potential for information and communication technologies and

organisational innovation, as well as use public policy and market-based instruments ⁽⁴⁾ to manage demand and encourage new markets.

3.7 The Commission states in its documents that many of the technologies that will contribute to achieving the 2020 targets are already available today or in the final stages of development. According to even the most optimistic scenarios, however, it will still take considerable time to bring available technologies on stream and low-carbon technologies in general remain expensive and face market penetration obstacles. A twin-track approach is therefore needed: reinforced research to lower costs and improve performance; and pro-active support measures to create business opportunities, stimulate market development and address the non-technological barriers that discourage innovation and the market deployment of efficient and low-carbon technologies.

To achieve the vision of carbon-free technologies for 2050, we need to develop a new generation of these technologies through major breakthroughs in research. Even if some of these technologies will have little impact by 2020, it is vital that we reinforce efforts today to ensure that they come on-stream as early as possible.

3.8 Existing measures taken over recent years could serve as a foundation for further EU action: (i) the creation of European Technology Platforms, (ii) use of the European Research Area (ERA)-Net instrument for common research programming between Member States, and (iii) collaboration between research centres in specific fields through the Networks of Excellence. The SET-Plan will focus, strengthen and give coherence to the overall effort in Europe, with the objective of accelerating innovation in cutting edge European low carbon technologies. The SET-Plan proposes to deliver the following results: (i) a new joint strategic planning, (ii) a more effective implementation, (iii) an increase in resources, and (iv) a new and reinforced approach to international cooperation.

3.9 A new way of working at Community level requires an inclusive, dynamic and flexible means of guiding this process, defining priorities and proposing actions — a collective approach to strategic planning. Stakeholders have to start to communicate and take decisions in a more structured and mission-oriented way, conceiving and implementing actions together with the EC within a cooperative framework. To steer the implementation of the SET-Plan, reinforcing the coherence between national, European and international efforts, the Commission will establish a Steering Group on Strategic Energy Technologies in 2008. The Commission will organise a European Energy Technology Summit in the first half of 2009.

⁽⁴⁾ COM(2007)140 of 28.3.2007, Green Paper on market based instruments for environment and related policy purposes.

3.10 Effective strategic planning in the Steering Group requires regular and reliable information and data. Commission will establish an open-access information and knowledge management system. It will include 'technology mapping' and 'capacities mapping' developed by the Commission's Joint Research Centre ⁽⁵⁾.

3.11 To accelerate the development and market introduction processes we need more focussed and powerful mechanisms that can leverage the potential of public intervention, European industry and researchers. The mechanisms are these: (i) European Industrial Initiatives, (ii) the European Energy Research Alliance, and (iii) Trans-European energy networks and systems of the future.

3.12 Encouraging more focus and coordination between different funding schemes and sources will help to optimise investment, build capacity and ensure a continuity of funding for technologies in different phases of development. Two challenges need to be addressed: **mobilising additional financial resources**, for research and related infrastructures, industrial-scale demonstration and market replication projects; and **education and training** to deliver the quantity and quality of human resources required to take full advantage of the technology opportunities that the European energy policy will create.

3.13 The Commission intends to present a **Communication on financing low carbon technologies** at the end of 2008. Member States' own actions to increase the human resource base should be better coordinated to maximise synergies and increase mobility in the sector.

3.14 The measures proposed in the SET-Plan should bring about a reinforced international cooperation strategy. We also need to ensure that the EU increasingly speaks with one voice in international fora, where appropriate, to achieve a more coherent and stronger partnership effect.

3.15 Today, the energy technology innovation process is based on national programmes and incentives, using national resources to meet national objectives and targets. This model fits a bygone era of cheap energy and no carbon constraints. To bring about the dramatic changes in the energy sphere that will be necessary in the 21st century, a new policy needs to be pursued.

4. General points

4.1 The EESC welcomes the Commission's Communication and accompanying working documents and concurs with the analysis and description of the position regarding energy technologies. Responding to the risks of global climate change while

continuing to meet the high energy demands of mature economies and the rapidly increasing energy demands of developing economies is a significant international challenge. Without a sound strategy to develop and implement more economical and efficient energy technologies, any thought of curbing climate change is seriously undermined.

4.2 The Communication adds considerable weight to a key element of energy policy — a secure energy supply that is both viable and socially and environmentally sustainable. Security of supply means not just the physical availability of supplies, but also their availability at socially acceptable prices.

4.3 The Commission's Communication quite rightly puts the development of energy technologies at the forefront of efforts to rein in climate change, a position which echoes the conclusions adopted by the 13th Conference of Parties (COP 13) in Bali in December 2007 ⁽⁶⁾. Collaboration on this front now and in the future should also be made an EU priority, not least in view of the potential opportunities for Europe's economy afforded by the expansion of the necessary technologies.

4.4 The Commission's Communication is perfectly correct in drawing attention to the vital importance of time in implementing the proposed strategy (the SET-Plan) if the EU is to fulfil its March 2007 pledge of reducing greenhouse gas emissions by 2020. Unless there is an acceleration in organisation and in the final analysis of basic strategic approaches for the development of technologies (including taking on board the main strategic directions of development and research in the USA and Japan), it will be impossible to concentrate efforts and resources effectively to manage the first stage to 2020, let alone the second stage up to 2050.

4.5 If the EU is to speed up development and the practical application of new energy technologies, it requires more targeted and effective mechanisms which enlist the potential of public funding, industry, universities and research and boost the synergy between them. Europe has strong national research institutes for energy, as well as outstanding research teams working in universities and specialised centres. Regrettably, their work is not coordinated and the instruments so far used to steer their collaboration are inadequate. Exploiting this potential to the full is crucial to the success of the proposed plan. Wider collaboration is also required at the international level.

⁽⁵⁾ See Commission Staff Working Documents SEC(2007)1510 'Technology Map' and SEC(2007)1511 'Capacities Map'.

⁽⁶⁾ See the decision of the UN's 13th Meeting of the Conference of the Parties to the Framework Convention on Climate Change — the Bali Action Plan.

4.6 The EESC greatly values the position taken by the Commission in its Communication of urging financial, but above all human, resources to be mobilised at all four levels: the private sector, Member State level, Community level and world-wide. Thus far, conflicting priorities and protracted procedures have hampered mobilisation of funding. The proposed SET-plan must foster a change in attitudes and an acceleration in the decision-making process. Despite the fact that mobilising human resources — never a speedy process — is also a part of the Lisbon Strategy, efforts to find the human resources needed to implement proposed strategies are still inadequate and too slow. The first prerequisite for mobilising human resources is support across the board for education in science and technology.

4.7 The EESC notes that it is vital to come to an agreement not only on the visions, priorities and aims of energy policy, but also on a strategic plan for energy technologies.

4.8 The Committee thinks it would be detrimental if what is incontestably the most important instrument for curbing climate change — a strategy for the development and application of energy technologies — were to be overshadowed by other issues and instruments which, realistically speaking, must instead provide an important support framework for this development (EU ETS, support for the use of renewable energy sources, the Third Energy Package, etc.). Only a true shift toward more effective technologies in both energy production and consumption, can achieve a real reduction in greenhouse gas emissions. One source of funding for technological development could be the auctioning of EU ETS allowances, assuming the proposal to introduce this procedure is adopted. However, on no account must this be the only source of funding, especially if it only comes into operation effectively in 2013.

5. Special comments

5.1 The analysis of the present, very unsatisfactory, situation is remarkably succinct and pertinent, quite rightly pointing to organisational and administrative problems that society must tackle alongside the scientific and technological ones.

5.2 The premise underlying EU documents dealing with energy technologies is that there is no single energy technology — or even a few — that can have an important influence on progress in the energy field and help achieve the goals set out. On the contrary, there are many, and results will be achieved only by enlisting all of them. None that holds at least some promise should be dismissed out of hand without thorough examination, though those that offer the least should be jettisoned as quickly as possible so that resources are not needlessly

squandered. Each Member State, and possibly every region, should be allowed to choose its priorities within the adopted strategic framework based on its expertise, experience and capacity for implementation.

5.3 Documents on this issue at EU level recommend that attention be given to technologies using renewables, clean heat energy technologies (including heat for producing electricity) and the latest infrastructure for distributing and storing energy. The EESC endorses these priorities. However, clean fossil fuel technologies, which will remain the most important primary energy source well into the future, nuclear energy (both fission and fusion) and safe storage of nuclear waste must continue to be an intrinsic part of the EU's research and development portfolio and must not be neglected.

5.4 The EESC agrees that the energy market has so far failed to provide energy policy-makers, governments and private investors with clear information on the urgency of developing new energy technologies because the costs of the various types of energy and fuels do not sufficiently include all the externalities, including social costs. This is also why there have still been no agreements at EU level on the priorities of energy research and development and on creating the funding and other instruments to support these priorities.

5.5 The EESC thinks that the strategic plan should include not only the setting of priorities at EU level, but also the effectively coordinated and swift establishment of specific priorities at Member State level, the allocation of sufficient funds from public finances, the optimum use of research and development capacities and private sector involvement encouraged by sufficient stimuli from the energy market, as well as other legal and fiscal instruments. It is absolutely vital that the private sector be heavily involved. The EU and the governments of the Member States must provide the necessary environment for this, not only by defining the principles, priorities and goals of energy policies, but also by creating the practical instruments to help meet these.

5.6 The key element is to establish market rules in the energy sector, especially the correct incorporation of externalities, including social costs, in energy prices, which will result in the market sending early signals to private investors and operators about the need for technological change to ensure the most effective use of different energy sources. The EU and the Member States will probably have to create a legislative and fiscal environment, including voluntary mechanisms, to ensure a better combination of public and private funding in energy research and development leading to greater use of resources.

5.7 There are not inconsiderable prospects for some countries with favourable natural conditions to make swifter progress in increasing the use of renewable sources of energy. But there are also countries which do not have such conditions or cannot exploit them economically. The feasibility of each Member State using renewable energy sources and being involved in programmes to develop energy technologies should be assessed on its natural environment and physically accessible resources.

5.8 The Committee finds the priorities set out in the Commission's Communication on the SET-Plan to be somewhat limited, particularly regarding renewable energy sources. They are no doubt important for increasing security of energy supply, lessening Member States' reliance on energy imports and for sustainability of development. For the time being, however, some forms of renewable energy are very costly and will continue to be so far into the future. Similarly, the integration of the energy market is not solely a matter of policy and organisation, but will also require the necessary research and development — into intelligent networks, for example.

5.9 It should not be forgotten that many countries are dependent on fossil fuels and nuclear energy and this dependency will continue into the foreseeable future. The same is true of third countries and the EU should coordinate its efforts with them to speed up research and development in energy technologies. For this reason, the EESC thinks the EU's priorities must not be focused predominantly on renewable energy technologies, since energy-saving technologies for end-use consumption

and clean technologies based on fossil fuels (including carbon capture and storage) are equally important. The EU has a special agenda and regime for research and development regarding nuclear technologies. However, it is important to stress the need for research and development into energy from nuclear fission and — perhaps in the future — fusion and into the longevity and safety of nuclear plants, since these could have a lot to offer in terms of security of energy supply and reduction of greenhouse gas emissions in the EU.

5.10 Of course, efforts to save energy in both its transformation and end consumption can make a large contribution to sustainable development, as can progress in advanced energy technologies. At EU level, better use of available financial and human resources in this very broad area can be facilitated by a properly devised and pursued strategic coordination of energy research and development which sets content and scheduling priorities at Community and Member State levels, together with the necessary operational mechanisms such as systems for management, monitoring and information flows. Effective standardisation of procedures and plants will also play a vital role.

5.11 In extending cooperation in the research and development of new energy technologies beyond the Community, priority should be given — before new agreements are concluded — to making the best use of existing institutions, contracts and agreements, especially those that have proved their worth.

Brussels, 9 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

Opinion of the European Economic and Social Committee on 'The link between climate change and agriculture at European level'

(2009/C 27/14)

On 25 October 2007 the French Presidency of the Council wrote to the European Economic and Social Committee under Article 262 of the Treaty establishing the European Community, to request an exploratory opinion on

The link between climate change and agriculture at European level.

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 4 June 2008. The rapporteur was Mr Ribbe and the co-rapporteur was Mr Wilms.

At its 446th plenary session, held on 9 and 10 July 2008 (meeting of 9 July), the European Economic and Social Committee adopted the following opinion by 94 votes to 30 with 13 abstentions.

1. Summary of EESC conclusions and recommendations

1.1 The EESC was requested to draw up an exploratory opinion on *The link between climate change and agriculture at European level* by a letter from the French presidency of 25 October 2007. The Committee was specifically asked to discuss biofuels issues.

1.2 The EESC is extremely concerned by the negative effects of climate change on European agriculture and consequently on economic performance in many rural areas. Southern Europe is likely to be particularly hard-hit, in view of the expected long periods of drought and even water scarcity. At worst, these problems could result in total cessation of agricultural activities. However, farmers will also face serious problems in other parts of Europe due to climate change, for example in the form of major disruption to seasonal rainfall patterns. In addition, there is a risk of problems arising from new or more widespread plant diseases and pests.

1.3 Politicians must therefore act swiftly and incorporate climate policy into other policy areas.

1.4 Agriculture is not only a victim of climate change, but also contributes to greenhouse gas emissions; the main impact comes from emissions not of CO₂, but of methane and nitrous oxide resulting from changes in land use and agricultural production itself. The EESC urges the Commission to conduct a more detailed analysis of differences between various types of agricultural land use in terms of climate impact, so that policy options can be developed, for example in relation to support for farmers. In this context, it welcomes the Commission's declaration of its intention to integrate climate protection more closely into the future common agricultural policy.

1.5 Agriculture can significantly contribute to combating climate change, for example by ensuring that the remaining

carbon sinks in soils are not only retained but also developed through systematic use of compost, by reducing energy consumption and by producing biomass for energy needs using environmental methods.

1.6 The EESC does not feel that the EU's emerging future biofuel strategy, which according to Commission statements will to a large extent involve imports of agricultural raw materials, is the right way to achieve climate change targets in an economically efficient way while creating new jobs in farming and generating additional revenue. Rather, a judicious new biomass strategy should be drawn up to replace the biofuel strategy; instead of focussing on imports, this would aim to substantially increase the conversion of agricultural by-products/waste into useable energy, and give farmers an active role in newly reorganised decentralised energy cycles.

2. Main elements and context of the opinion

2.1 Agriculture is probably the economic sector which is most strongly dependent on natural (including climate) conditions, and which uses, influences or changes them to the largest extent.

2.2 It is based on systematic use of the photosynthetic capabilities of plants to convert solar energy into energy that can be used by humans in the form of food or fodder. In addition, energy captured by photosynthesis has always been used for heating purposes (e.g. biomass in the form of wood).

2.3 Climate conditions, which have mainly been favourable for agriculture in Europe up till now, are a decisive factor reflected in the highly varied structures and diversity of European farming. What this means is that any change in conditions must affect agriculture and the associated environmental, economic and social regional structures.

3. General observations

Agriculture as a victim of climate change

3.1 Climate changes, in particular the predicted rise in temperature and, to an even greater extent, changes in the amount of rainfall, will have a devastating effect on agriculture in some parts of Europe. Especially in southern Europe, long periods without rain, or even droughts, and the resulting potential desertification could make agricultural production impossible. In addition to this, large-scale fires are a very serious threat to agricultural land ⁽¹⁾. Rural economies in such areas are seriously threatened. All scientific studies suggest that climate change will have an impact on pests and diseases, which will significantly reduce yields on the main food crops. Changes in the life cycle of pathogens will give rise to:

- changes in the geographical distribution of pathogens,
- changes in the incidence and severity of diseases,
- changes in the disease control strategy.

3.2 In this context, the EESC would refer to the Commission's various publications and initiatives on this subject, such as the communication on *Addressing the challenge of water scarcity and droughts in the European Union* ⁽²⁾ and the ideas and plans which it describes, the Green Paper on *Adapting to climate change in Europe*; indeed, the Commission has emphasised that there is a need to develop coherent land-use strategies. In addition, there are activities in progress in many countries.

3.3 Most Europeans and indeed political decision-makers are probably unable to imagine what would happen if, for example, farming had to be abandoned across large areas of southern Europe due to insufficient water supplies and extreme temperature changes. This would also have negative repercussions for employment in the regions concerned owing to changes in land use.

3.4 The EESC therefore calls on all decision-makers to do everything they can to contain the negative impact on agriculture through a comprehensive and radical climate protection programme. It is also essential that measures be taken to adapt agricultural activity to climate change. The agricultural sector will have to adapt efficiently and rapidly to future climate changes, since the success or failure of these measures will determine whether farming can continue.

⁽¹⁾ e.g. fires in Greece in 2007 which destroyed olive plantations, among other things.

⁽²⁾ COM(2007) 414 final, 18.7.2007, EESC opinion OJ C 224, 30.8.2008, p. 67 adopted on 29 May 2008.

3.4.1 According to the most recent OECD and FAO report, research and innovation must be key factors in combating climate change. Among the adaptation activities to be carried out, consideration should be given to promoting new plant species and varieties better adapted to climate change. Especially relevant here are advances in the improvement of plant and animal material.

The contribution of agriculture to climate change

3.5 For the EESC, it is necessary not only to discuss the negative repercussions of climate change for agriculture, but also to keep in mind that agriculture itself contributes to climate change and to take steps to reduce the climate-harming effects of agriculture. It is also important to take into account the various ways in which agriculture can help to combat climate change.

3.6 The Committee therefore appreciates that the Commission has identified climate policy as one of four new challenges for the CAP in its communication on the CAP Health Check ⁽³⁾.

3.7 Based on the IPCC definition, emissions originating directly from agriculture account for 10-12 % of total emissions. Altogether, it is estimated that agriculture contributes between 8.5-16.5 billion tonnes of CO₂e to global emissions of greenhouse gases ⁽⁴⁾, i.e. 17-32 % of the total ⁽⁵⁾.

3.8 For Europe, the share of agriculture in greenhouse gas emissions is estimated to be much less than the corresponding figure for global emissions. The Commission mentions a figure of 9 %, based on the methods of calculation used by the IPCC. Since 1990 agriculture in the EU-27 has cut emissions by 20 %, and the EU-15 by 11 % ⁽⁶⁾. However, IPCC calculation methods do not take into account greenhouse gas emissions resulting from changes to land use, energy used to produce fertilisers and plant protection products, or tractor fuel. Thus, whereas e.g. the Commission puts the contribution of farming to German emissions at 6 %, the German federal government has produced an estimate of 11-15 %, taking into account all emissions resulting from agriculture.

The various implications of agricultural greenhouse gases

3.9 Agriculture only accounts for a small proportion of net CO₂ emissions. The main reason for this is that plants initially absorb CO₂ and convert it into organic matter. When biomass is used, the carbon which has been temporarily absorbed is released again as CO₂. Hence, the carbon cycle is to a large extent closed.

⁽³⁾ COM(2007) 722 final.

⁽⁴⁾ CO₂e = carbon dioxide equivalent.

⁽⁵⁾ Cool Farming: Climate impacts of agriculture and mitigation potential, Study by Greenpeace, December 2007.

⁽⁶⁾ Source: European Environment Agency, EEA Report 5/2007.

3.10 According to the Fourth Assessment Report by the IPCC ⁽⁷⁾, the main climate policy concern in agriculture should be methane and nitrous oxide emissions. In Europe, around 40 % of total CH₄ and N₂O emissions originate from agriculture, and it is these greenhouse gases which have a particularly strong impact on climate; the global warming potentials of nitrous oxide and methane are about 296 and 23 times respectively that of CO₂.

3.11 There are basically four aspects of agriculture which are of particular relevance to climate change:

- a) conversion of woodlands, peat bogs, wetlands or grassland into arable farmland,
- b) greenhouse gas emissions from cultivated land and livestock,
- c) energy use in farms and in upstream and downstream sectors, for example in the form of fuel, and energy used in the manufacture of chemical fertilisers, pesticides and other products ⁽⁸⁾, and
- d) production of biomass for energy.

3.12 Overall, conversion of hitherto uncultivated areas to agricultural use is of by far the greatest importance, and is a far greater cause of greenhouse gases than agricultural production and energy use. Every time that arable fields are created, greenhouse gases are released, as arable land stores the lowest average amount of carbon dioxide in its soil, except for deserts, semideserts and built-up areas ⁽⁹⁾.

3.13 The debate on the destruction of rainforests in the Amazon Basin or Indonesia is therefore seen as being of fundamental importance. The EESC would point out that Europe and European agriculture have something to do with large-scale deforestation in those parts of the world ⁽¹⁰⁾.

Changes in land use/carbon sinks

3.14 One major problem is that large areas of land are built on and hence lost to agricultural production and as carbon sinks. The EESC is disappointed that the planned directive on soil protection, which could make a substantial contribution here, has not yet been adopted.

⁽⁷⁾ IPCC WG III Chapter 8 (2007), Agriculture.

⁽⁸⁾ Including fodder.

⁽⁹⁾ Soils are the second-largest stores of carbon dioxide, after the seas. The EESC is aware that there are some quite major discrepancies in figures from different sources, but the following are some statistics: arable land contains about 60 tonnes of carbon dioxide per hectare, grassland and woodland soils contain twice as much (in woodlands, additional carbon dioxide is also stored in trees), and a hectare of moorland can store up to 1 600 tonnes of carbon dioxide.

⁽¹⁰⁾ For example, production of soya as fodder for European livestock and palm or jatropha oil production for energy purposes ('bio' fuels).

3.15 Climate policy is concerned with six main carbon sinks ⁽¹¹⁾. Of these, surface biomass and soils are of the most relevance to agriculture. Given that agriculture is based on annual harvests of the biomass which it produces, it does not create any new relevant surface carbon sinks in the form of biomass.

3.16 As a result of converting woodland, peat bogs and grassland into arable farmland, carbon stored in the soil is released. Hence, it is important for European farming that areas which still retain large reserves of carbon are preserved. To this end, incentives must be developed through appropriate support instruments to encourage the right farming methods.

3.17 Based on our current knowledge, climate change alone is sufficient reason to impose an immediate ban on conversion of peat bogs and woodland.

3.18 Over the past few decades in Europe, there has been large-scale conversion of grassland into arable land; despite various restrictions ⁽¹²⁾, this process is not yet over, and is indeed regaining momentum in some regions due to increased energy farming.

3.19 The reason for increased conversion of grassland to arable land is that farmers' profit margins on arable land are significantly higher. Using land for grazing is more labour-intensive, and grass alone is no longer sufficient to enable cattle to achieve the 'desired' high yields. Livestock is therefore dependent on energy feedstuffs, production of which requires a significantly higher energy input.

3.20 The EESC will play close attention to how environmental and agricultural policies deal with this situation, for example in the context of legislative proposals relating to the CAP Health Check. The Committee calls for an intensive debate on ways of making land use which is climate-friendly and compatible with nature conservation economically attractive to farmers once again.

Greenhouse gases from agricultural production

3.20.1 The use of nitrogen fertilisers of both synthetic and organic origin is the main culprit for emissions of nitrous oxide. Whenever there is intensive use of nitrogen fertilisers, there is always a risk of plants not being able to absorb them quickly or fully enough, thus releasing nitrous oxide into the atmosphere. Up until now, environmental policy was mainly concerned with the resulting pollution of ground and surface water, but now climate change is an additional reason for a more critical look at nutrient cycles.

⁽¹¹⁾ Oil, coal and gas reserves, surface biomass, carbon stored in soils, and oceans.

⁽¹²⁾ Such as cross-compliance criteria.

3.20.2 In a study on nitrous oxide emissions, climate researcher Professor Crutzen analysed nitrous oxide emissions in the production chain from rape to biodiesel ⁽¹³⁾, and reached the conclusion that in certain conditions rape methyl ester can have a more harmful effect on climate than diesel from crude oil, precisely because of its high nitrous oxide emissions resulting from the use of chemical fertilisers.

3.20.3 Another source of agricultural nitrous oxide emissions, which is less significant in quantitative terms, is the decomposition of organic matter in soils, particularly in arable farming.

3.20.4 Most agricultural methane emissions in Europe are caused by ruminant livestock, and cattle in particular. The EESC is aware that methane emissions from ruminant animals are of growing international importance ⁽¹⁴⁾, and that at global level the problem will become more serious as numbers of cattle rise. It is true that cattle stocks in Europe have decreased over the last few years ⁽¹⁵⁾, but it should also be borne in mind that Europe is a net importer in this field.

3.21 Eating meat has an impact on climate. Around 10 plant-derived calories are needed to produce one animal-derived calorie. Rising consumption of meat requires increased cultivation of fodder, which in turn requires more energy and increases the pressure for higher yields from agricultural land. With relatively high levels of meat consumption, Europe imports a large part of its fodder requirements, cultivation of which is often responsible for very serious problems (e.g. soya in the Amazon Basin). The EESC is therefore in favour of framing and implementing a European strategy on proteins.

3.22 Not only the volume of meat produced but also livestock farming methods are relevant here. For example, meat and milk may derive from energy-extensive pasture farming, with cows using grassland — whose importance for climate protection has been underestimated — during the growing season. However, meat and milk also originate from energy-intensive farms which do not use grassland and in which cattle are mainly fed corn silage or other energy-rich arable fodder crops.

Energy use in agriculture

3.23 The advantage of agriculture is that it directly converts solar energy into useable crop-based energy; however, the greater the input of energy from fossil fuels into the production process, and the fewer plant products which are consumed

directly by people and instead are 'upgraded' to animal products, the less significant this advantage becomes.

3.24 Whereas organic farms refrain from using industrially manufactured, water-soluble chemical fertilisers and plant protection products, for example, the energy consumption and climate impact of conventional farming is exacerbated by the use of such substances.

3.24.1 Some comparative studies of agricultural performance in terms of general energy and materials consumption, as well as carbon sequestration, show that average energy and nitrogen inputs are less for organic farming than conventional agriculture. Even if the higher yields of conventional agriculture are taken into account, the global warming potential of organic farming is less ⁽¹⁶⁾. This is, for example, why the German federal government considers support for organic farming as a contribution to climate protection ⁽¹⁷⁾.

3.24.2 Some other studies have reached different conclusions.

3.25 Therefore, information on certain aspects of the problem is still sparse and contradictory; partly in view of this, the EESC urges the Commission to conduct a detailed analysis of how the various forms of agricultural and non-agricultural land use differ in terms of climate impact, so that policy options can then be developed, for example in the field of support for farmers.

Contribution of agriculture to solving climate change problems

3.26 Thus agriculture can contribute in many different ways to reducing greenhouse gas emissions from current levels. This includes things like not converting forest, moorland, wetlands and grassland into arable land, and reducing nitrous oxide and methane emissions through sustainable land management and if possible long-term land cover (catch crop cultivation), multiple crop rotation (e.g. to minimise pest problems), appropriate fertiliser use, etc.

3.27 For a long time, energy inputs were not really regarded as problematic, especially as energy was available very cheaply. The EESC sees an urgent need to focus more in the future on particularly energy-efficient forms of management and to promote these. Organic farming and so-called low-input production (e.g. extensive pasturing) can make a contribution here.

⁽¹³⁾ 'N₂O release from agro-biofuel production negates global warming reduction by replacing fossil fuels', in: Atmos. Chem. Phys. Discuss., 7, 11191-11205, 2007.

⁽¹⁴⁾ Around 3.3 billion tons CO₂e/year.

⁽¹⁵⁾ Global cattle stocks: 1 297 million head of cattle (in 1990), 1 339 million (2004), EU (25): 111.2 million (in 1990), 86.4 million (2004), China: 79.5 million (in 1990), 106.5 million (in 2004).

⁽¹⁶⁾ For example, see the feature on 'Klimaschutz und Öko-Landbau' (Climate protection and organic farming) in: Ökologie & Landbau, 1/2008.

⁽¹⁷⁾ The federal government's reply to the parliamentary question put by the BÜNDNIS 90/Die Grünen Group on 'agriculture and climate protection', Parliamentary Paper 16/5346, paragraph 13.

3.28 Experiments in the field of so-called mixed cultivation have produced promising results. For instance, different types of crop are cultivated in the same field with pulses and oil plants, which means less use of fertilisers and pesticides, as well as increased biodiversity and promotion of compost.

3.29 Compost use is crucially important for climate change. In future, there should be more of a focus on achieving the most stable and highest compost content on agricultural land in particular, which often necessitates changes in crop rotation. The EESC calls on the Commission to evaluate studies available jointly with research institutes in the Member States and if necessary to commission further studies, in order to seek and support optimum procedures.

3.30 This also means considering the importance should be given to solid dung use. It must also be clarified whether whole-plant utilisation, as planned for second-generation biofuels, might not undermine the objectives of humus creation.

4. Bioenergy/biofuels from agriculture

4.1 The French presidency has requested the EESC to look at the subject of biofuels in conjunction with this opinion. Obviously, the Committee is happy to oblige, but would also refer to its existing opinions on the subject ⁽¹⁸⁾ setting out in detail its critical position on the current biofuels strategy.

4.2 Given the high CO₂ emissions of coal, oil and gas, thought is rightly being given to using more energy produced directly by plants. The EESC has on several occasions essentially approved the use of bioenergy, but would like to point out some basic principles that it considers indispensable.

4.2.1 The EESC stresses that the right to adequate food is explicitly recognised as an important part of the broader human rights. The production of basic foodstuffs has to take priority over energy production.

4.2.2 It is also important that no land should be used for growing energy crops that is currently either a major carbon sink or of key importance for biodiversity. The EESC is pleased that the Commission has acknowledged the need for energy crops to be subject to sustainability criteria. The EESC's opinion on the proposed directive on renewable energies will include a detailed discussion of whether the directive's sustainability criteria are sufficient or not. The EESC is in favour of applying appropriate sustainability criteria to fuels in general, irrespective of where they come from, as well as to animal feed.

⁽¹⁸⁾ OJ C 44, 16.2.2008, p. 34, and opinion TEN 338 on the proposal for a directive on renewable energy (COM(2008)019), under preparation.

4.2.3 Using agricultural waste products and, for example, biomass from landscape management provides high energy potential in Europe, but this is only being harnessed to a limited extent because specialised (i.e. more energy-intensive) cultivation of energy crops is more cost-effective. Assistance policy has so far sent out the wrong signals here.

4.2.4 When using bioenergy, it is important to ensure maximum efficiency. For example, there is no point in making biogas from maize produced by energy-intensive cultivation if the heat produced through electricity generation cannot be sold, as in this case about two thirds of the energy actually produced is immediately lost again.

4.2.5 Current production of energy crops often requires an initial high energy input, and the resulting plants or oils must undergo further energy-intensive industrial processing. This leads to poor or even negative net energy and climate balances of many biofuels that can be ruinous.

4.2.6 For this reason the Commission's Joint Research Centre (JRC) was doubtful in its study *Biofuels in the European Context* about the possibility of achieving even the Commission's own goal of reducing greenhouse gas emissions by having a 10 % share of biofuels in the energy mix. Other studies ⁽¹⁹⁾ have come to the same conclusion.

4.2.7 The JRC study also raises a crucial point, which the EESC believes must become a principle of policy-making. The biomass produced should be used where it is most needed. The watchword is 'efficiency' ⁽²⁰⁾. Why should the molecular structures of energy-intensive crops be changed by industrial processing, if they can be used to produce energy directly? The JRC notes that stationary heating and power generation uses as much oil as diesel vehicle engines in the EU. If energy crops were used here, 1 MJ of biomass could replace about 0.95 MJ of fossil fuel. But 1 MJ of biomass replaces only about 0.35 to 0.45 MJ of crude oil when used in the transport sector.

4.2.8 However, greenhouse gas emissions from the transport sector can be reduced by using electric vehicles running on energy produced by the burning of biomass.

4.3 In its opinion *Energy mix in transport* ⁽²¹⁾ the EESC notes that the internal combustion engine will be replaced by electric traction in the transport sector. It makes no sense to manage crop-based energy as inefficiently as is the case now for biofuels.

⁽¹⁹⁾ e.g. that of the Scientific Advisory Board of the German Federal Ministry for Agriculture.

⁽²⁰⁾ OJ C 162, 25.6.2008, p. 72.

⁽²¹⁾ OJ C 162, 25.6.2008, p. 52.

4.4 A comparative study carried out by Empa ⁽²³⁾ calculated that for a VW Golf to go 10 000 km using biodiesel, rape would have to be cultivated over an area of 2 062 square metres. By contrast, solar cells could produce the energy needed for a journey of 10 000 km on an area of 37 m², which is around 1/60th of the area required with rape.

4.5 It must also be questioned whether it is worth refining plant oils for use in internal combustion engines. Why are engines not adapted to the plant oils' molecular structure? Engines have already been developed, e.g. for tractors and trucks, that can run on pure plant oil and meet all the emissions limits set and planned by the EU. More support is needed for such innovations.

4.6 The oils required for such engines can be cultivated in a mixture with other crops, processed in the region, and used locally. This means that farmers could, with environment and climate-friendly low-input processes, not only produce their own motive power, but also initiate new, regional energy cycles. This would bypass energy-intensive further industrial processing.

4.7 The EESC therefore feels that what Europe needs is not so much a simple biofuels strategy as a well-thought-out European biomass strategy; this could be far more climate-friendly and productive of new jobs than the currently emerging biofuels strategy, which is likely to rely heavily on imports of energy crops.

5. New jobs with climate-friendly agriculture and agricultural policy

5.1 It is true that climate change is threatening agriculture in parts of Europe, but at the same time it can also represent an opportunity for agriculture and for Europe's workforce, if agriculture is serious enough about its role in relation to the new trends in climate policy and promotes that role.

5.2 Agriculture remains an important source of employment in the European Union. One Commission communication contains a detailed discussion of employment trends in rural areas ⁽²³⁾. It points out that despite being a relatively small employer, agriculture is very important in rural areas. The Commission expects jobs in agriculture (full-time equivalents) to decrease from the current 10 million by 4-6 million.

⁽²³⁾ Empa is a research institute for materials science and technology belonging to the Swiss Federal Institute of Technology (ETH) in Zurich.

⁽²⁴⁾ COM(2006) 857 final, *Employment in rural areas: closing the jobs gap*.

5.3 At the same time, a shortage of skilled labour is forecast for many European countries, especially of workers who are able to take up leadership roles or operate complex technology. In addition, shortages of skilled labour are aggravated by the fact that existing jobs are unattractive. The Committee has already explicitly commented on this development and pointed out that a discussion of job quality is necessary ⁽²⁴⁾.

Job-creating potential of bioenergy

5.4 The potential for environment friendly production of biomass for energy in Europe was investigated in a 2006 report carried out by the European Environment Agency. If biomass from waste (e.g. household waste) and forestry is included, 15-16 % of estimated primary energy needs of the EU-25 could be produced in this way in 2030. This could guarantee or even create 500 000 to 600 000 jobs in rural areas.

5.5 Whether bioenergy creates new jobs and if so, how many, closely depends on the strategy adopted. The Scientific Advisory Board of the German Federal Ministry for Agriculture forecasts that the most beneficial effect in terms of climate protection and job creation will be achieved if the focus is on 'producing bioenergy in heat-led cogeneration systems or heating systems based on woodchips or on biogas derived from liquid manure and waste materials'. However, if support for bioenergy means a shift from livestock farming or, as current trends suggest, a reliance on imported biofuels, the employment impact on rural areas will be negative.

5.6 Examples of successful transition to closed-loop bioenergy systems show certain types of bioenergy production to be economically, environmentally and socially advantageous, for both agriculture and regional labour markets. (The municipalities of Mureck and Güssing (both in Austria) as well as Jühnde (Germany) have achieved renewable energy supply levels of up to 170 %). This impressive environmental performance is accompanied by a positive impact on the local labour market (local crafts), without even counting jobs for farmers delivering raw material ⁽²⁵⁾.

5.7 Since income and wealth differentials between urban and rural areas can be expected to widen further, particular attention must be paid to rural areas in employment policy. Sustainable production of energy crops and their conversion into energy can secure and create jobs in rural areas, if value added then remains in the region.

Guaranteeing high-quality jobs in agriculture

5.8 The goal of climate protection can be achieved only with the help of skilled labour. Businesses must provide the right training framework for them to achieve this.

⁽²⁴⁾ OJ C 120, 16.5.2008, p. 25.

⁽²⁵⁾ For more information, see www.seeg.at.

Setting and guaranteeing social standards

5.9 It is generally assumed that demand for imported biomass from developing countries and emerging economies will increase further. In this situation, potential cost advantages must not be used if that means destroying the environmental and social fabric in producer countries. The production of bioenergy must therefore comply with the ILO Core Labour Standards and its employment protection standards ⁽²⁶⁾.

Involvement of workers and trade unions

5.10 Structural change in agriculture will have a considerable impact on the quality of jobs and incomes. Workers and trade unions must therefore participate in this process of change. Since models of worker involvement vary widely within Europe,

more consideration must be given to the participation concerns of agricultural workers within the current European and national structures. This is particularly important because these forms of communication and idea-sharing can protect and preserve jobs.

5.11 The European social dialogue committee for agriculture, which was set up in 1999, is a representative grouping of social partners for questions of employment and future development of the new role of agriculture, serving as a qualified expert and advisory body. The EESC recommends that the Commission strengthen the role of this body, not least in relation to climate policy. As experts on climate-related issues in agriculture, the social partners should have more say at national level on the committees that monitor the development of rural areas.

Brussels, 9 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

⁽²⁶⁾ http://www.ilo.org/global/What_we_do/InternationalLabourStandards/lang-en/index.htm.

Opinion of the European Economic and Social Committee on the ‘Proposal for a directive of the European Parliament and of the Council amending Directive 2003/87/EC so as to improve and extend the greenhouse gas emission allowance trading system of the Community’

COM(2008) 16 final — 2008/0013 (COD)

(2009/C 27/15)

On 13 February 2008 the Council of the European Union decided to consult the European Economic and Social Committee, under Article 175 of the Treaty establishing the European Community, on the

Proposal for a Directive of the European Parliament and of the Council amending Directive 2003/87/EC so as to improve and extend the greenhouse gas emission allowance trading system of the Community.

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 4 June 2008. The rapporteur was Mr Adams.

At its 446th plenary session, held on 9 and 10 July 2008 (meeting of 9 July), the European Economic and Social Committee adopted the following opinion by 124 votes to 2 with 8 abstentions.

1. Conclusions and Recommendations

1.1 The value of the Emission Trading System (ETS) will be measured by its impact on European GHG emissions and its relevance and example in stimulating global action and/or evolving into a comprehensive global scheme. In this context:

— The move towards more auctioning of allowances is welcome as it is in line with the polluter-pays-principle, avoids windfall profits, incentivises and funds low carbon installations and products and fosters innovation.

— Measures in order to protect specific energy-intensive sectors and sub-sectors vulnerable to international competition should be considered in the absence of an effective international agreement on climate change which places emission reduction obligations on all respective industries globally in order to avoid ‘carbon leakage’. The EU ETS must not have a negative impact on the competitiveness of EU industry.

— Regulation on auctioning should be prepared and adopted as soon as possible to avoid unnecessary uncertainties.

— Proposals should be advanced by the Commission as to how the commitment to move from a 20 % to a 30 % reduction target will be achieved in the event of an international agreement.

— Every effort should be made to influence and form a common platform with emerging ‘cap and trade’ legislation in the USA and other OECD countries.

— Maritime transport should be included in the ETS if effective proposals are not urgently presented by the International Maritime Organisation.

1.2 The ETS must be seen to stimulate a low-carbon economy and encourage climate protection, adaptation and mitigation.

— If free allowances are provided, this should be done in the context of rigorous benchmarking and performance-based targets.

— At least 50 % of revenues from allowance auctioning should be mandated to support the measures defined in Article 10.3.a-f.

— Potential disincentives which may limit the contribution and growth of co-generation (CHP — combined heat and power) and efficient district heating schemes should be eliminated.

— The action on issues of forestry as a carbon sink, deforestation and land use must have greater emphasis than currently allowed for in the Commissions package.

1.3 The ETS should seek to minimise bureaucratic obstacles and achieve clarity and transparency.

— Those measures in the proposal whose development is currently left to the comitology process need urgent attention and clarification.

— The Commission should consider raising — from 10 000 to 25 000 tonnes — the exclusion limit for small installations, provided equivalent, compensatory measures are in place.

1.4 The ETS should be seen as equitable within the EU whilst recognising the pressing need of newly industrialising and less developed countries to create sustainable growth and poverty alleviation.

- A rebalancing of the burden between the sectors covered by ETS and those outside of it is to be considered.
- The implications of restricting the use of Joint Implementation (JI)/Clean Development Mechanism (CDM) credits in the absence of an international agreement should be reviewed.
- A solution must be found to potential difficulties which may be caused in those Eastern European Member States whose main grid electricity supply comes from Russia rather than the EU.

2. Introduction

2.1 The ETS was established by Directive 2003/87/EC in October 2003. It aims to control contributing factors to climate change, specifically anthropogenic greenhouse gases (GHGs), by providing economic incentives for lowering emissions. It is a 'cap and trade' system where a limit or *cap* has been set on the amount of a pollutant (mainly CO₂) that can be emitted. The ETS is the EU's most significant mechanism for limiting GHGs, preferred over direct taxation on carbon or direct regulation.

3. General Principles

3.1 The current ETS applies to over 10 000 installations in the energy and industrial sectors, together responsible for 40 % of the EU's GHGs. Installations are issued emission permits *ex ante* and are required to surrender a number of *allowances* (or credits) which represent the right to emit a specific amount equivalent to their actual emissions. The total amount of allowances and credits cannot exceed the cap, limiting total emissions to that level. Companies that emit more GHGs than the number of allowances they received must buy credits from those who pollute less or at the auctions of any further allowances.

3.2 The transfer of allowances is referred to as a *trade*. In effect, any emitter under the system is paying a charge for polluting, while any installation will be rewarded for having reduced emissions by more than was needed. Thus, in theory, those that can easily reduce emissions most cheaply will do so, achieving the pollution reduction at the lowest possible cost to society. In the ETS an 'allowance' equates to the right to emit one tonne of carbon dioxide equivalent for a specified period — other GHGs being converted into CO₂ equivalents.

3.3 Member States may also allow the use of credits from emission-saving projects in third countries in the same way as

allowances. Such projects have to be recognised under Kyoto's Joint Implementation (JI) mechanism or Clean Development Mechanism (CDM).

4. ETS trading periods

4.1 ETS first trading period 1.1.2005-31.12.2007

4.1.1 The first learning phase established the infrastructure of emissions trading but was severely limited in effectiveness by over-allocation of allowances by Member States (For the first and second phase Member States have drawn up national allocation plans — NAPs — giving a total level of emissions and how many allowances each installation receives.). There was a wide variation in the allowance trading price during this period, including a collapse of the carbon price by the end of the first trading period.

4.1.2 Numerous criticisms of the ETS emerged which focused on initial allocation methods and the use of proceeds; the level of the cap; problems of equity, complexity, monitoring and enforcement; the risk of encouraging relocation to unregulated countries by major emitting industries; the value, credibility and reliability of JI/CDM credits and the future imposition of disadvantageous production costs. It became clear that these issues would have to be dealt with in revisions to the ETS for the system to gain credibility with both industry and NGOs.

4.2 ETS second trading period 1.1.2008-31.12.2012

4.2.1 This phase applies to all 27 MS and coincides with the first commitment period of the Kyoto Protocol and the requirement to reduce GHGs. So far the allowance trading price has been on a stable upward trend at levels that strongly encourage reduction measures. The current (May 2008) trading price is around EUR 25 per tonne. For this period the Commission has carried out a systematic assessment of the caps proposed by Member States based on verified emissions and as a result emissions from ETS sectors have been capped at an average of 6.5 % below 2005 levels. There has been little other scope for system change or modification in the second trading period though emitters actively continue to respond and adjust. Data verification and trading experience continues to accumulate, which, for the most part, confirms the schemes underlying concept.

4.3 ETS third trading period 2013-2020

4.3.1 The Commission is now proposing significant changes to the ETS which will take effect during this phase. This is the purpose of amending Directive 2003/87/EC.

5. Summary of the proposed amending Directive

5.1 Although the EU ETS has created the world's largest single carbon market ⁽¹⁾, the initial excessive allocation of (free) allowances in NAPs was a setback and clearly not in line with efficient reduction of emissions in the ETS sectors, EU-wide. In the context of firm GHG reduction commitments the revised ETS is seen as essential in providing a long-term carbon price signal, enabling incentives for low-carbon investments and transforming Europe into a low GHG economy.

5.2 The amendments will:

- introduce one EU-wide cap on emission allowances instead of 27 national caps — NAPs will cease to exist;
- greatly increase the proportion of allowances which are auctioned and harmonise rules on free allocation to promote carbon-efficient technologies;
- establish part of the rights to auction as based on per capita income;
- streamline key definitions and improve legal and technical clarity;
- include new sectors (petrochemicals, ammonia and aluminium) and new GHGs (nitrous oxide and perfluorocarbons) increasing coverage by 6 %;
- enable smaller installations to be excluded from the ETS, subject to compensating measures;
- set out rules for the use of credits stemming from JI/CDM projects.

5.3 Starting in 2013, allowances will decrease annually ⁽²⁾ leading to a 21 % reduction of GHGs in the EU ETS sector by 2020, compared with 2005. This reduction process will be continued into the fourth phase (2021-2028) at the same rate. Concurrently, the proportion of allowances being auctioned will be increased, starting at 60 % in 2013. It is proposed that the power generation sector should not receive any free allocation and would thus be required to purchase all allowances at auction or at the secondary market from 2013, with a general phasing out of free allowances in other sectors by 2020. The exceptions will be sectors judged to be at significant risk of 'carbon leakage' — relocation to countries without comparable emission constraints and therefore increasing emissions globally. Such sectors may have a free allowance of up to 100 %. This decision will be taken in 2011. Member States will carry out the

auctions and be encouraged, though not required, to use income to invest in climate friendly policies.

5.4 Certainty is given that JI/CDM credits (from third countries) which can now be purchased by EU operators can be used in the period until 2020. The total number to be used in this period is equal to the total quantity that has been allowed for use in the 2nd trading period, i.e. 1.4 billion allowances, which corresponds to one third of the overall reduction effort. When the EU steps up its reduction effort in the context of an international climate pact, 50 % of the additional effort can be achieved by JI/CDM credits.

5.5 Although credits from land use (carbon 'sinks' like forests) will not be allowed, domestic credits from emission saving schemes not covered by the ETS could be allowed, provided straightforward rules can be devised.

5.6 Provision has been made for the EU ETS to link with other trading systems to encourage the development of a world-wide system.

5.7 Contingent on the conclusion of an international agreement, the amount of allowances under the ETS will be reduced in line with this agreement, while the scope for recurring to CDMs will be increased.

5.8 A 5 % provision of allocations for new installations that enter the system after 2013 will be made. It is probable that aircraft emissions will become part of the ETS towards the end of the second period but this is covered by a separate proposal ⁽³⁾.

5.9 There are no provisions for including maritime transport into the ETS.

6. General Comments

6.1 The EU ETS is not an academic exercise nor a type of 'green' taxation. It combines elements of a free market approach with regulation and general direction mediated and adjusted through a political process. Individual companies are free to choose how or if they will reduce their emissions and should select the least-cost way to comply with the pollution regulation. The ETS's main role is therefore to create incentives which reduce the cost of achieving a pollution reduction goal. The EESC endorses and supports this approach.

⁽¹⁾ The World Bank, State and Trends of the Carbon Market, May 2007.

⁽²⁾ From 1.974 million tonnes of CO₂ to 1.720 million tonnes.

⁽³⁾ EESC opinion: OJ C 175 of 27.7.2007, p. 47.

6.2 The existing pollution reduction goal — to stabilise GHGs in the atmosphere at 450-550 ppm by 2050 — is estimated to cost around 1 % of global GDP. Failure to act effectively could reduce global GDP by 20 % ⁽⁴⁾. However, the continuing flow of evidence and research ⁽⁵⁾ indicates accelerating GHG production, a reduction in the planet's absorption capacity and seriously questions whether reduction targets are adequate.

6.3 The ETS is effectively aiming at definitive leadership in what must become a global effort. This process is taking place in a global setting as the atmosphere is part of the global commons. Therefore evaluation of the system cannot exclude its interaction and impact on global polluters.

6.4 It should be noted that outline legislation in the US, likely to come into effect in the new administration, is based on a cap-and-trade system with similar features. The possibility of a joint US/EU programme would be a highly significant step towards a global scheme, as would links with other proposed schemes in OECD countries.

6.5 The EESC has therefore paid particular attention to the role of the ETS in delivering equitable and sustainable impact on global GHG reduction. Does it demonstrate that European action is both credible and effective? In this context it has to be stated that the EU target of a 20 % reduction in GHG emissions by 2020 compared to 1990 levels (which underlies the ETS and the burden sharing proposals) is lower than the 25-40 % reduction range for industrialised nations which was supported by the EU at the Bali Climate Change Conference in December 2007. The Commission starts from the targets as agreed in the European Spring Council 2007 leaving undiscussed whether this level of reduction is really sufficient to achieve global objectives or whether it is just the maximum reduction that may conceivably be accepted, given the balance of short-term political and economically motivated interests of Member States. The EESC concludes that accumulating evidence on climate change demands the re-setting of targets to achieve greater GHG emission reductions.

6.6 The EESC supports the move towards more auctioning of allowances. Auctioning is in line with the polluter-pays-principle, avoids windfall profits, gives incentives and generates funds to invest in low carbon installations and products and thus fosters innovation.

6.7 There are, at present, many unresolved issues which concern European business in general. These centre around a revised ETS imposing competitive disadvantages on industry, particularly with respect to newly industrialising countries

outside the EU. Such countries argue, with some justification, that two centuries of Western industrialisation and contributory GHG emissions must be taken into account, as must their drive to lift substantial sectors of their population out of poverty. A global agreement resolving such issues will need to be confident that it has greater support and understanding of these factors by consumers and industry in OECD countries.

7. Specific Comments

7.1 If the EU ETS is to become the global standard for carbon trading then it is essential that the scheme is as robust and effective as possible. The EESC therefore recommends:

7.1.1 The free allocation of allowances to specific large energy-intensive sectors and sub-sectors vulnerable to international competition should only be considered in the absence of an effective international agreement on climate change which places emission reduction obligations on all respective industries globally. The EU ETS must not have a negative impact on the competitiveness of EU industry.

7.1.2 If possible, an earlier decision should be made as regards the sectors which will, due to the risk of carbon leakage, receive free allowances. These sectors will be identified by June 2010 but a decision should be made earlier, in connection with the directives, so as to avoid uncertainty in the investment climate and so that the sectors concerned can make necessary long-term plans.

7.1.3 Although auctioning is to be the major allowance allocation method, there is almost no indication of how such auctioning would be organised. Reference to introduce a regulation on auctioning only by 31 December 2010 brings additional uncertainty for all of the EU ETS participants in view of the necessary pending massive investments in the energy sector.

7.1.4 A rebalancing of the burden between the sectors covered by ETS and those outside of it is to be considered. The EESC questions if the distribution of the reduction obligations between sectors covered by ETS (– 21 % compared to 2005 levels) and the others (– 10 % compared to 2005 levels) is justified. Research ⁽⁶⁾ shows that in some sectors which are not covered by ETS, especially in the two biggest ones, buildings and transport, there is a potential to reduce emissions at zero or even at negative costs. These are moreover sectors where the risk of carbon leakage is relatively small or nonexistent. The buildings sector in addition has a large potential for job creation within the EU.

⁽⁴⁾ The Stern Review 2006.

⁽⁵⁾ According to the Mauna Loa observatory in Hawaii, CO₂ levels in the atmosphere are already at 387 ppm, the highest for at least the last 650 000 years.

⁽⁶⁾ Vattenfall/McKinsey, The Climate Map
http://www.vattenfall.com/www/ccc/ccc/Gemeinsame_Inhalte/DOCUMENT/567263vattenfall/P0271636.pdf.

7.1.5 All allowances allocated to air transport when it joins the scheme are to be auctioned ⁽⁷⁾.

7.1.6 In view of the growing GHGs emissions from shipping (1.12 billion tonnes globally — twice as much as emissions from aviation ⁽⁸⁾) the Commission should bring forward measures to include shipping in the ETS if effective proposals are not urgently presented by the International Maritime Organisation.

7.1.7 The revenue generated through the auctioning of allowances, currently estimated at EUR 50 billion per annum by 2020, should be, to a much greater degree, mandated to fund climate protection, mitigation and adaptation measures — with a specific focus on vulnerable, less-developed countries and towards research and development. In the proposal (Article 10 paragraph 3) suggesting a 20 % allocation is insufficient and misses an opportunity to greatly stimulate the move to a low-carbon economy. The EESC recommends this is increased to at least 50 % of revenues. Attention should be paid to supporting the role of forestry, reforestation and the prevention of deforestation in the EU and elsewhere where this is demonstrated to provide an effective carbon sink.

7.1.8 Greater clarity and transparency should be apparent in those measures in the proposal whose development is currently left to the comitology procedure.

7.1.9 The Commission should consider raising — from 10 000 to 25 000 tonnes — the exclusion limit for small installations, provided equivalent, compensatory measures are in place.

7.1.10 A clearer indication should be given in the proposal of how, once an international agreement has been reached, the EU will fulfil its commitment to make a further increase in CO₂ reduction from 20 % to 30 %.

7.1.11 To prevent an adverse effect on the growth and contribution of co-generation (CHP) schemes MS are urged to review their 'feed-in' tariffs.

7.1.12 Regarding district heating, measures should be taken to avoid disincentivising efficient examples of such programmes.

7.1.13 A solution must be found to potential difficulties which may be caused in those Eastern European Member States whose main grid electricity supply comes from Russia rather than the EU.

7.1.14 The current proposal to limit the possibility to use JI/CDM credits pending an international agreement should be kept under review, particularly in the light of the adverse effects on the developing international capital funding market for such programmes.

Brussels, 9 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

⁽⁷⁾ Consistent with the Committee's previous recommendation, OJ C 175, 27.7.2007, p. 47.

⁽⁸⁾ IMO report February 2008.

Opinion of the European Economic and Social Committee on the 'Proposal for a Decision of the European Parliament and of the Council on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2020'

COM(2008) 17 final — 2008/0014 (COD)

(2009/C 27/16)

On 11 February 2008, the Council decided to consult the European Economic and Social Committee, under Article 175 of the Treaty establishing the European Community, on the:

Proposal for a Decision of the European Parliament and of the Council on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2020.

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 4 June 2008. The rapporteur was Mr Morkis.

At its 446th plenary session, held on 9 and 10 July 2008 (meeting of 9 July), the European Economic and Social Committee adopted the following opinion by 116 votes to 2 with 8 abstentions.

1. Summary of the EESC's comments and recommendations

1.1 The European Economic and Social Committee welcomes the European Commission's initiative under which, to combat climate change, Member States are asked to share the effort of meeting the Community's commitment to reduce greenhouse gas emissions from sources not covered under Directive 2003/87/EC (sources outside the EU emissions trading scheme (EU ETS)) from 2013 to 2020.

1.2 The Committee recognises and endorses the EU's leading role in the international negotiations on environmental and climate protection commitments. Through its own commitments, the EU is leading by example and seeking to spur other countries on to comparable measures.

1.3 The Committee considers that civil society has a key role to play in implementing the decision and meeting the commitments undertaken by the countries concerned. The Member States should do more to promote community initiatives designed to help cut greenhouse gas emissions and develop ways of backing up such initiatives:

- Civil society as a whole could play a key role in implementing this decision. The requirements of the decision and its means of implementation in each Member State thus need to be more widely disseminated.
- There is also a need to increase the emphasis on educational campaigns to raise public awareness and understanding of the need for efforts to reduce greenhouse gas emissions.
- It is also vital to train experts and raise broad public awareness in the fields of energy-saving, environmental protection and climate change.

1.4 The Committee believes that measures to cut greenhouse emissions should be implemented in such a way as to protect and even enhance Europe's economic competitiveness in a long term perspective. Renewable energy development and energy efficient products and modes of production will increasingly be in demand in the world, and Europe is well placed to gain a competitive edge by becoming a world leader in many of these areas. The EU and the Member States must support such R&D.

1.5 Under Article 3(3) of the proposed decision, a Member State may carry forward from the following year a quantity of greenhouse gas emissions equal to 2 % of the limit of that Member State or, if the emissions are below the limit in paragraph 2, may carry over its excess reductions to the subsequent year. This provision is too rigid, as the one-year timeframe lacks the flexibility required to implement large-scale projects and deliver good results. That is especially important for small Member States implementing large-scale GHG mitigation projects.

The Commission proposes that each Member State should prepare a plan for achieving its national target. However, the average annual emissions of GHG during the period 2013-2020 should not be higher than the average of annual emissions from 2005 to 2020. In the Committee's view it will be important for the implementation of these plans to be monitored regularly at national and European level to allow any divergences to be identified promptly and corrective action taken.

1.6 In order to enhance the overall cost efficiency of the total commitment of the Community and to achieve the joint objectives at the lowest cost, the Committee feels that the decision should enable a Member State, on the basis of bilateral, intergovernmental agreements, to be able to transfer part of its allowed GHG emissions entitlement to another Member State.

1.7 The Committee feels that, by using flexible tools in projects designed to secure the joint implementation of the Clean Development Mechanism, an appropriate balance must be struck between action taken within the EU to cut greenhouse gas emissions on the one hand, and a sense of solidarity in the face of the introduction of emission-reducing measures in developing countries on the other. However, the use of flexible tools should be appropriate only when they really reduce global GHG emissions. They should not stimulate leakage of GHG emissions from EU to non-EU countries.

1.8 The Committee endorses the commitments made and approves effort-sharing between Member States. It believes the public must be better informed about the principles underpinning effort-sharing. In arrangements for effort-sharing, an assessment must be made of the specific circumstances of each individual country, the costs involved in cutting emissions and the impact on that country's competitiveness and development. The effort-sharing decision should lead to an equal relative cost of mitigation in relation to GDP of each country.

1.9 The Committee calls on the Commission to establish a compliance regime, under which Member States would, for instance, be fined for exceeding the set emission levels.

2. Introduction: the Commission document

2.1 On 23 January 2008, the European Commission unveiled a package of proposals to combat climate change and promote renewable energies.

2.2 The purpose of the Commission proposal is to put into effect the agreement reached at the European Council meeting on 8 and 9 March 2007 under which the European Union is committed to a 20 % reduction in greenhouse gas emissions by 2020 compared to 1990, and, also by 2020, to a target share of 20 % of renewables in its energy consumption.

2.3 The total effort for greenhouse gas reduction is divided between the EU ETS and non-ETS sectors. The Commission is proposing the following approach: a 21 % reduction in EU ETS sector emissions compared to 2005 by 2020; a reduction of around 10 % compared to 2005 for the sectors that are not covered by the EU ETS. Taken together, these reductions will result in an overall reduction of 14 % compared to 2005, which is equivalent to a reduction of 20 % compared to 1990.

2.4 The Council announced even more ambitious targets provided that a global and comprehensive agreement is signed for the period beyond 2012 and that other developed countries commit themselves to comparable emission reductions and economically more advanced developing countries to contri-

buting adequately according to their responsibilities and respective capabilities. Within these parameters, the Community would have to seek to cut greenhouse gas emissions by 30 % by 2020.

2.5 The present proposal for a decision determines the contribution of Member States to meeting the Community's greenhouse gas emission reduction commitment from 2013 to 2020 for greenhouse gas emissions from sources not covered under Directive 2003/87/EC (sources outside the EU ETS).

2.6 The proposed decision lays down rules on the determination of the contribution of Member States to meeting the greenhouse gas emission reduction commitment of the Community from 2013 to 2020.

2.7 The Commission also takes the view that greenhouse gas reduction efforts should be shared among Member States, taking into account economic differentials and each country's *per capita* GDP. Thus, Member States that currently have a relatively low *per capita* GDP and high GDP growth expectations for the future should be allowed to have higher greenhouse emissions in 2020 than in 2005.

2.8 In the light of the proposed differentiation, the Commission recommends that certain limits be established for individual countries, albeit no Member State should be required to reduce its greenhouse gas emissions in 2020 to more than 20 % below 2005 levels, and no Member State should be allowed to increase its greenhouse gas emissions in 2020 to more than 20 % above 2005 levels.

2.9 The Commission stipulates that each Member State must, by 2020, limit its greenhouse gas emissions from sources not covered under Directive 2003/87/EC by the percentage set for that Member State in the annex to the decision in relation to its emissions in the year 2005.

2.10 The Commission's view is that reductions in greenhouse gas emissions must take place every year between 2013 and 2020. However, there is also some degree of flexibility, in that each Member State is allowed to carry forward from the following year a quantity equal to 2 % of the greenhouse gas emission limit of that Member State. Any Member State whose emissions are below its limit is also allowed to carry over its excess emission reductions to the subsequent year.

2.11 Each Member State is to annually limit these greenhouse gas emissions in a linear manner to ensure that the emissions do not exceed the maximum level for that Member State in 2020 as specified in the annex to the decision.

2.12 In order to provide for further flexibility for Member States in implementing their commitments, to promote sustainable development in third countries, in particular in developing countries, and to provide certainty to investors, the Commission is proposing that Member States should continue to be able to use CDM credits to help ensure a market for those credits even after 2012.

2.13 To help ensure such a market as well as to ensure further greenhouse gas emission reductions within the EU and thus enhance the implementation of the objectives of the Community relating to renewable energy, energy security, innovation and competitiveness, it is proposed to allow the annual use by Member States of credits from greenhouse gas emission reduction projects in third countries, until a future international agreement on climate change has been reached, up to a quantity representing 3 % of the emissions of each Member State from sources outside the ETS in the year 2005. This maximum quantity is equivalent to around a third of any Member State's reduction effort in 2020. Member States should be allowed to transfer the unused part of that quantity to other Member States.

2.14 The Commission feels that once a future international agreement on climate change has been reached, Member States should only accept emission reduction credits from countries which have ratified that agreement and subject to a common approach.

2.15 The Commission also takes the view that, following the conclusion by the Community of a future international climate change agreement, Member State emission limits should be adjusted on the basis of the Community's new greenhouse gas emission reduction commitment as set out in that agreement.

2.16 Member States, in their annual reports submitted under Article 3 of Decision 280/2004/EC, must report their annual emissions resulting from the implementation of Article 3 and the use of credits in accordance with Article 4. Member States are also to submit an update of their projected progress before 1 July 2016.

3. General comments

3.1 The European Commission's initiative under which, to combat climate change, Member States are asked to share the effort of meeting the Community's commitment to reduce greenhouse gas emissions from sources not covered under Directive 2003/87/EC (sources outside the EU ETS) from 2013 to 2020 is an important link in a chain of decisions taken to combat climate change.

3.2 The Committee is convinced that this decision will help the Community meet its tasks vis-à-vis environmental protection and climate change. Community policy in this area must secure a considerable reduction in greenhouse gas emissions

through the imposition of mandatory requirements on the Member States, coupled with strict compliance checks.

3.3 At the same time the Committee would like to draw the attention to the fact that the effectiveness of the Parliament and Council decision on sharing efforts to reduce greenhouse gas emissions is significantly dependent on the other two components of the energy and climate change package: the directive on renewable energy sources and the EU-ETS directive. This means that they must function in direct synergy; any amendment to one will impact on the others.

3.4 The Community's commitments are to be adjusted should an international agreement be reached. There are high hopes for the negotiations launched in Bali, Indonesia, in December 2007, which may potentially be of vital importance for worldwide action up to 2020. It would be most helpful to wind up these negotiations and secure a climate protection agreement at the Climate Change Conference in Copenhagen in 2009. Progress on this front is also expected to be made at a further climate summit due to be held before then in Poznań, Poland.

3.5 It is good that EU is taking the lead in these negotiations. Through its own commitments, the EU is leading by example and seeking to spur other countries on to comparable measures. Although emerging countries such as China, India and Brazil are not, understandably, set to cut emissions, they are in a position to curb any increase relative to economic growth. The EESC encourages the Commission to make every effort to reach an international (post-Kyoto) agreement, committing developed countries to a 30 % cut in greenhouse gas emissions by 2020, compared to 1990 levels; this would be in line with the projections of the 4th IPCC report, which estimates that a 25-40 % reduction by 2020 on 1990 levels is needed to limit global warming to 2 degrees Celsius above pre-industrial levels. If this international agreement can be concluded, it will of course be necessary to revisit this and the other proposals contained in the Commission's energy and climate change package in order to recalibrate their objectives to the tighter target. It is important therefore that all concerned should recognise and plan on the basis that the targets currently proposed for 2020 are only the first step and that tighter targets will be needed in due course, possibly as soon as 2020 and certainly in later years.

3.6 The Committee believes that measures to cut greenhouse emissions should be implemented in such a way as to protect and even enhance Europe's economic competitiveness in the long term. Renewable energy development and energy efficient products and modes of production will increasingly be in demand in the world, and Europe is well placed to gain a competitive edge by becoming a world leader in many of these areas. The EU and the Member States must support such R&D.

Otherwise, the objectives will be difficult to achieve. It is also vital to train experts and raise broad public awareness in the fields of energy-saving, environmental protection and climate change.

3.7 Civil society has a key role to play in implementing the decision and meeting the commitments undertaken by the countries concerned. The Member States should do more to promote community initiatives designed to help cut greenhouse gas emissions and develop ways of backing up such initiatives:

- Civil society as a whole could play a key role in implementing this decision. The requirements of the decision and its means of implementation in each Member State thus need to be more widely disseminated.
- There is also a need to increase the emphasis on educational campaigns to raise public awareness and understanding of the need for efforts to reduce greenhouse gas emissions.
- It is also vital to train experts and raise broad public awareness in the fields of energy-saving, environmental protection and climate change.

4. Specific comments

4.1 The Committee feels that, by using flexible tools in projects designed to secure the joint implementation of the Clean Development Mechanism, an appropriate balance must be struck between action taken within the EU to cut greenhouse gas emissions on the one hand, and a sense of solidarity in the face of the introduction of emission-reducing measures in developing countries on the other. However, the use of flexible tools should be appropriate only when they really reduce global GHG emissions. They should not stimulate leakage of GHG emissions from EU to non-EU countries.

4.2 The Commission is proposing that Member States should continue to be able to use CDM credits to help ensure a market for those credits even after 2012. The Committee has concerns regarding the quality of the certified emissions reductions (CER) resulting from the CDM and proposes that, if the investing States (in projects begun pre-2013) are to continue to benefit from CER, the baseline should be revised and verified to determine whether the project is still additional. In the case of new CDM projects that are planned to go towards a Member State's contribution to sharing efforts to reduce greenhouse gas emissions, only projects using BAT (best available techniques) as the baseline should be considered.

4.3 The Commission refers only to the general principle that countries that have a high *per capita* GDP are to take on board tougher reduction commitments, which are to be less stringent for countries where *per capita* GDP is lower. However, it is quite possible that, even if — in relative terms — they have a similar

per capita GDP, different countries may require different degrees of effort to achieve the same results in cutting emissions. In arrangements for effort-sharing, an assessment must be made of the specific circumstances of each individual country, the costs involved in cutting emissions and the impact on that country's competitiveness and development. The effort sharing decision should lead to equal relative cost of mitigation in relation to GDP of each country.

4.4 The Committee also draws attention to a glaring inconsistency in the text of the decision. The Commission proposes 2005 as the reference year for assessing Member States' efforts to reduce their greenhouse gas emissions, and 2020 as the end of the period. Under the second subparagraph of Article 3(2), each Member State is to annually limit the greenhouse gas emissions concerned in a linear manner. At the same time, under the first subparagraph of the same article, each Member State is to ensure that its total greenhouse gas emissions in 2013 from sources not covered under Directive 2003/87/EC do not exceed the average annual greenhouse gas emissions of that Member State from those sources during the years 2008, 2009 and 2010, as reported and verified pursuant to Directive 2003/87/EC and Decision 280/2004/EC. This means that 2008, 2009 and 2010 serve as the reference years for evaluating the position in 2013.

4.5 Under Article 3(3) of the proposed decision, a Member State may carry forward from the following year a quantity of greenhouse gas emissions equal to 2 % of the limit of that Member State or, if the emissions are below the limit in paragraph 2, may carry over its excess reductions to the subsequent year. This provision is too rigid, as the one-year timeframe lacks the flexibility required to implement large-scale projects and deliver good results. That is especially important for small Member States implementing large scale GHG mitigation projects.

The Commission proposes that each Member State should draw up a plan to achieve its national targets. However, the average annual emissions of GHG during the period 2013-2020 should not be higher than the average of annual emissions in 2005. In the Committee's view it will be important for the implementation of these plans to be monitored regularly at national and European level to allow any divergences to be identified promptly and corrective action taken.

4.6 In order to enhance the overall cost efficiency of the total commitment of the Community and to achieve the joint objectives at the lowest cost, the Committee feels that provision should be made in the decision whereby a Member State should, on the basis of bilateral, intergovernmental agreements, be able to transfer part of its allowed GHG emissions entitlement to another Member State.

4.7 The Committee calls on the Commission to establish a compliance regime, under which Member States would, for instance, be fined for exceeding the set emission levels.

4.8 Also, in terms of the equitable geographical distribution of projects, Article 4(1)(c) is not specific enough as to the application of measures on the purchasing of credits.

4.9 To implement this decision, the Commission should provide the Member States with pointers for action, instruments and other measures. A good first step could be to issue a guide containing examples of successes already achieved in the EU.

4.10 To achieve the objective of this decision, the Committee recommends that Member States make use of the Structural and

Cohesion Funds for projects that do not produce, or that even reduce greenhouse gas emissions.

4.11 For ETS installations, provision has been made for the auction of emission allowances during the next allocation round from 2013 to 2020. This will secure the funds needed to reduce greenhouse gas emissions from non-EU-ETS sectors. Part of the funds obtained in this way should be directed towards economic sectors that are making an effort to reduce greenhouse gas emissions. The other part should be channelled into a solidarity fund for developing countries, and allocated to climate change adaptation projects in those countries.

Brussels, 9 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

Opinion of the European Economic and Social Committee on the ‘Proposal for a Directive of the European Parliament and of the Council on the geological storage of carbon dioxide and amending Council Directives 85/337/EEC, 96/61/EC, Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC and Regulation (EC) No 1013/2006’

COM(2008) 18 final — 2008/0015 (COD)

(2009/C 27/17)

On 8 February 2008 the Council of the European Union decided to consult the European Economic and Social Committee, under Article 175 of the Treaty establishing the European Community, on the

Proposal for a Directive of the European Parliament and of the Council on the geological storage of carbon dioxide and amending Council Directives 85/337/EEC, 96/61/EC, Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC and Regulation (EC) No 1013/2006.

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 4 June 2008. The rapporteur was Mr Wolf.

At its 446th plenary session, held on 9 and 10 July 2008 (meeting of 9 July), the European Economic and Social Committee adopted the following opinion by 138 votes to one with four abstentions.

Contents

1. Summary and conclusions
2. Introduction
3. Commission proposal
4. General comments
5. Specific comments

1. Summary and conclusions

1.1 Capture and long-term storage (CCS) of carbon dioxide (CO₂) released by the use (combustion) of fossil fuels would

substantially help to combat climate change. This technology should therefore be developed more rapidly and used as soon as possible.

1.2 The Committee welcomes the Commission's proposed directive as a prerequisite for the development and use of CCS, and broadly endorses its content.

1.3 The directive addresses the most important aspects and sets out provisions to deal with them. In particular, human and environmental safety issues and the associated responsibilities are covered, thus helping to secure public acceptance of the directive and addressing safety concerns on the part of ordinary citizens.

1.4 The development of the overall CCS value-added chain, involving the capture, transport and storage of CO₂, is in an early — and, in some cases, still exploratory — stage. The provisions of the directive need to take this into account, and some fine-tuning is still needed in certain areas.

1.5 To enable rapid implementation of initial projects, some sections of the directive should be amended to make them more manageable by both the relevant national authorities and potential investors; this would also ensure planning certainty and provide incentives for action. This applies for instance to liability issues and the nature and extent of financial security payments.

2. Introduction

2.1 Following the Council decisions of March 2007 on climate change and threats to the security of energy supplies, the Commission proposed a package of measures in the form of separate documents in order to meet the objectives set by the Council decisions. These measures focus on energy efficiency, promoting renewable energy sources and developing and using the relevant innovative technologies. The Committee has drawn up specific opinions on each measure ⁽¹⁾.

2.2 One area of key importance in this context is the development of methods to sustainably reduce greenhouse gas emissions arising from the use of fossil fuels, which is the subject discussed in this opinion, with particular reference to the Commission's proposal for a directive on the geological storage of carbon dioxide (CO₂).

2.3 This opinion ties in with a Committee opinion ⁽²⁾ on the same technology discussing the Commission's communication on *Supporting Early Demonstration of Sustainable Power Generation from Fossil Fuels*.

3. Commission proposal

3.1 On the basis of (i) the fact that the growing demand for sources of energy at international level is likely to be met predominantly by the use of fossil fuels and (ii) the objective of achieving a global reduction of CO₂ emissions of 50 % by 2050 and a reduction of between 60 and 80 % in the industrialised states, the Commission considers that it is essential to exploit all possibilities of bringing down the level of emissions. With this aim in view, carbon dioxide capture and storage (CCS) ⁽³⁾ is of major importance.

3.2 The European Council of March 2007 called for the development of the necessary technical, economic and regula-

tory framework to bring environmentally safe CCS to deployment; the proposal under review represents one means by which this objective is to be achieved. The proposal relates, above all, to the establishment of the regulatory framework on the basis of Article 175(1) of the EC Treaty. It also provides for simplification of legislation and simplification of administrative procedures for public authorities, be they EU or national.

3.3 Existing provisions, such as those set out in Directives 96/61/EC, 85/337/EEC, 2004/35/EC and 2003/87/EC, are taken into account or where necessary amended in the proposal.

3.4 Actual contents of the Commission proposal:

3.4.1 Chapter 1 covers the subject matter, purpose and scope of the proposal. Definitions of terms are also set out.

3.4.2 Chapter 2 covers site selection and exploration permits. The Member States are to determine the areas to be made available for storage and the rules governing the allocation of exploration permits.

3.4.3 Chapter 3 covers storage permits, conditions for awarding them and the relevant powers of the European Commission. An important element is the environmental impact assessment, which includes impact assessments and public consultations.

3.4.4 Chapter 4 covers operation, closure and post-closure obligations, including CO₂ acceptance criteria, monitoring and reporting obligations, inspections, measures in case of irregularities and/or leakage, closure and post-closure obligations and provision of financial security.

3.4.5 Chapter 5 addresses the issues of access to transport and storage networks.

3.4.6 Chapter 6 covers general provisions relating to the competent authority, cross-frontier cooperation, penalties, reporting to the European Commission, amendments and the relevant comitology procedures.

3.4.7 Chapter 7 sets out the required amendments to other legislation, including the necessary adaptations to water and waste legislation. Additional conditions in respect of the authorisation of new power stations are also set out.

3.4.8 Annex I specifies detailed criteria for the requirements on site characterisation and risk assessment. Annex II sets out detailed criteria for the requirements on monitoring. The European Commission may amend the Annexes, in which case the European Parliament also has a say.

⁽¹⁾ CESE 1201/2008, CESE 1202/2008, CESE 1203/2008 of 9.7.2008, not yet published in the OJ.

⁽²⁾ COM(2008) 13 final.

⁽³⁾ CCS: Carbon (i.e. carbon dioxide) Capture and Storage. TEN/340 — CESE 562/2008 recommends using the abbreviation CCTS (Carbon Capture, Transport and Storage) instead. This opinion sticks to CCS.

4. General comments

4.1 The EESC has drawn attention on a number of occasions ⁽⁴⁾ to the fact that affordable energy is the life blood of modern social market economies and a prerequisite for the provision of all basic services. The need to step up the development of new technologies is of particular importance in this regard ⁽⁵⁾.

4.2 The Committee welcomes the Commission's proposed directive on this subject as an important prerequisite for developing and using CCS as a technology to achieve this objective, and broadly endorses its contents.

4.3 In this connection, the EESC has drawn attention ⁽⁶⁾ to the fact that the fossil fuels coal, petroleum and natural gas are currently the mainstay ⁽⁷⁾ of both European and global energy supply and will perhaps retain their importance over the next few decades.

4.4 This is not at variance with the declared goal of bringing about a dramatic increase in the share of renewables, since, even bearing in mind the EU's target of achieving an at least 20 % share of renewable energies in overall EU energy consumption by 2020 ⁽⁸⁾, there will, for many decades to come, continue to be a considerable need for energy produced from other sources in order to cover the remaining 80 % — by 2050 still approximately 50 % — of energy consumption.

4.5 In the case of renewables, up until now it has only been possible to use hydropower and biomass ⁽⁹⁾ to generate electricity at the level dictated by demand, whereas wind and solar energy are characterised by a limited, weather-dependent availability. Nevertheless, considerable efforts should be put into continued development and use of such energy sources, while working out adequate and economical storage options. However, this subject is dealt with in separate Committee opinions.

4.6 It therefore follows that to ensure base load supply — as a supplement to and/or replacement ⁽¹⁰⁾ for nuclear energy — a large number of power stations running on fossil fuel will remain a necessity. In addition, if we are to have adequate — positive or negative — reserve capacity available, more power stations will be needed whose output can be adjusted sufficiently quickly to compensate for fluctuating levels of energy generated by wind power.

⁽⁴⁾ e.g. OJ C 162, 25.6.2008, p. 72.

⁽⁵⁾ See CESE 1199/2008 of 9.7.2008, not yet published in the OJ.

⁽⁶⁾ See, for example, CESE 643/2005 and, more recently, CESE 1246/2007. Not yet published in the OJ.

⁽⁷⁾ Initially, the use of CCS is mainly envisaged for electricity production from fossil fuels. In the EU, about 30 % of electrical energy currently comes from nuclear power, with practically no emissions of carbon dioxide.

⁽⁸⁾ See the Presidency conclusions of the March 2007 European Council.

⁽⁹⁾ Biomass only has a positive impact on overall CO₂ emissions if the energy input for production, transport and processing does not exceed the energy yield. Article 24(a) of the ETS Directive provides for the option of appropriate support for biomass power plants equipped with CCS facilities.

⁽¹⁰⁾ In Member States which have decided not to produce nuclear energy.

4.7 With regard to providing peak capacity and reserve capacity, gas-fired and pump-fed hydroelectric power stations are the main options. However, there is limited scope for the development of pump-fed hydroelectric plants, as the specific geographical features which they require have to a large extent already been used.

4.8 For base load and intermediate load supply, coal-fired power stations are mainly used, in addition to nuclear power stations. In Member States which decide not to produce nuclear energy themselves, the use of coal for electricity generation becomes of even greater importance for these types of electricity supply.

4.9 There is therefore a need to reduce CO₂ emissions to the lowest possible level, including when coal-fired power stations are used. With this aim in view, two lines of development — characterised by varying degrees of technical maturity and a variety of impacts — are being pursued: on the one hand, power stations are being developed with even greater efficiency; and, on the other hand, power stations are being developed which have recourse to CCS ⁽¹¹⁾. In the case of the latter, whilst by far the greater part of the CO₂ emitted no longer goes into the atmosphere, the process inevitably involves a noticeable loss of efficiency, in order to cover the additional energy requirements brought about by CCS. There is also a need for continued development of technologies to capture CO₂ from manufacturing processes.

4.10 The development of CCS, involving the capture, transport and storage of CO₂, remains at an early — and, in some cases, still at an exploratory — stage. While it is true that measures to increase the efficiency of conventional power station technology are, by contrast, gradually making progress, they are already approaching the limits of what is physically feasible. Bearing in mind the urgent need to replace power-station capacity over the next few decades, the EESC recommends that a pragmatic approach be adopted under which both technologies are developed side by side. Whilst the development of a higher level of efficiency may be largely market-driven, CCS technologies — for both power stations and infrastructure — require additional support at the demonstration and marketing stages.

4.11 CCS technology is being pursued along various development paths: (a) integrated power station technology involving the capture of CO₂, where, in the coal gasification process, carbon is captured before the combustion process, or, in the oxyfuel process, CO₂ is enriched by the process before capture; and (b) post-combustion technology, which involves washing out CO₂ from the flue gas after combustion (CO₂ washing). Once it has undergone suitable development, method (b) would be suitable for deployment in highly efficient new power stations provided that they are designed accordingly ('capture ready'). A common feature of these development paths is the fact the CO₂ so captured has to be brought from the power station to a suitable storage site.

⁽¹¹⁾ See also CESE 1246/2007. Not yet published in the OJ.

4.12 CO₂ can only be stored in suitable, safe geological formations. Existing research suggests that deep saline aquifers and depleted oil and gas deposits would be the best options, whereas abandoned coal mines are probably less suitable. It is vital to have largely intact rock sealing in the CO₂ so as to prevent leakages, with as few surface outlets as possible.

4.13 When a storage site is selected by experts in compliance with the proposed rules set out in the directive, it must be established that the risks associated with storage are minimal. In the case of suitable storage formations, sudden escape of large quantities of CO₂ is practically impossible⁽¹²⁾. It should also be established that induced seismic shocks do not pose a threat, with the maximum storage pressure chosen so as not to destroy the rock layers used for storing and sealing⁽¹³⁾, as these must be preserved in order to ensure storage.

4.14 The issue of the safe, long-term storage of CO₂ is a matter of decisive importance for the social and political acceptance of this process.

4.15 The Committee therefore feels it is very important for the public to be fully informed by the Commission, and — in particular — the Member States and potential operators, of all aspects of this new technology, and for them to be involved through transparent dialogue in the associated decision-making processes. Appropriate procedures should be developed to this end.

4.16 The Committee would like to advocate a further preventive measure at the end of this section. This relates to the possibility of CO₂ being needed in the more distant future, either in unforeseeable applications as a basic chemical substance, or as a variable within 'natural' long-term climate cycles⁽¹⁴⁾. As an additional preventive measure to ensure sustainability, the EESC therefore recommends that, whilst the storage of CO₂ should indeed be carried out, consideration should however be given to the possibility of at least partial re-emission under the closure plans, or that documentation on potential re-emission options be required from particular storage complexes. Of course, the priority must be to ensure that storage sites are as safe as possible and leak-proof.

⁽¹²⁾ Only if this happened would there be any danger for people living in the immediate vicinity, as CO₂, unlike CO, is not toxic, and is not life-threatening until it reaches a concentration of over 8 % (at present, the average concentration of CO₂ in the air is around 380 ppm (ppm: parts per million)).

⁽¹³⁾ In contrast to the use of geothermal energy.

⁽¹⁴⁾ Ice-core samples, obtained from drilling, provide evidence relating to global climate development over the last 600 000 years. This evidence shows that in the past there has been a succession of warm periods and ice ages, alternating at regular intervals of typically 100 000 years, with a sawtooth variation of temperature over time, together with correlated changes in CO₂ levels in the atmosphere. Given that there has, at the moment, been a prolonged warm period, with temperatures at the top end of the sawtooth cycle, and that the end of the last warm period was over 100 000 years ago, a gradual drop in global temperatures and CO₂ levels is again likely in the foreseeable future, unless current greenhouse gas emissions due to human activity have precisely the opposite effect.

4.17 In general, the EESC welcomes the European Commission's proposed directive and sets out its views on a number of individual points in the proposal in the following section.

5. Specific comments

5.1 The proposal contains the fundamental provisions which are necessary to provide operators of CCS installations with the requisite legal framework, though in a small number of cases they go beyond what is necessary to achieve this objective.

5.2 Some points in the proposal are, however, in need of clarification in order to make it possible to implement the provisions and to ensure legal certainty.

5.3 Under the Commission's proposal, CO₂ captured and stored is to be credited as 'not emitted' under the Emissions Trading Scheme (ETS); consequently, no CO₂ allowances have to be surrendered in this case (see recital 23 which refers to Directive 2003/87/EC). As a result there is a useful market-based incentive to invest in CCS installations, albeit an as yet inadequate incentive in the case of the demonstration stage.

5.3.1 The EESC therefore welcomes the proposed inclusion of these measures in the ETS; a market-based approach is clearly preferable to compulsory CCS, particularly as, given the current stage of development of CCS technology, such an obligation to carry out CCS would be clearly premature.

5.3.2 It is, however, the right course of action to oblige new power stations to make available suitable space for the equipment necessary to capture and compress CO₂ (Article 32, amendment of Article 9a in Directive 2001/80/EC). These measures, which systematically give rise to increased costs, should, however, always be backed up by corresponding market economy incentives⁽¹⁵⁾ (in the form of, for example, the allocation of CO₂ allowances on favourable terms or using part of the proceeds of the options held under the ETS for promoting CCS).

5.4 In order to prevent unnecessary restrictions being placed upon storage, the ban stipulated in Article 2(3) of the Commission's proposal should apply not to 'storage of CO₂ in geological formations' but rather to 'storage site'. This amendment is being proposed since 'geological formations', as defined in Article 3(4) can easily extend beyond the area defined in Article 2(1), whereas the likelihood of a corresponding extension of a 'storage site' is clearly less great. A clause could be included to provide for additional storage options through reliable contractual agreements with non-EU states.

⁽¹⁵⁾ See, in this context, the general recommendations set out in point 3.3 of OJ C 162, 25.6.2008, p. 72.

5.5 The definition of the term 'storage site' in Article 3(3) should really refer to that 'part' of a 'specific geological formation used for the geological storage of CO₂'. (A geological formation can extend over millions of km² in terms of surface area; only part of such a geological formation can therefore be designated as a 'storage site'). It is perfectly possible — and indeed probable — that several storage sites will be situated in a given geological formation.

5.6 Under Article 4(1) of the proposal, the Member States reclaim the right to designate suitable storage sites. It should be clearly stipulated in this context that the areas which are in principle suitable for the storage of CO₂ must actually be designated by the Member States, provided that there are no important reasons standing in the way of such designation.

5.7 The EESC welcomes the fact that the proposed provisions call for a maximum level of security. This is essential both to protect human beings, the environment and climate ⁽¹⁶⁾ and also to ensure the integrity of the trade in emission allowances.

5.7.1 This goal must be achieved by making use of appropriate, state-of-the-art monitoring systems. This requirement needs to be taken into account when permits are being issued by the Member States ⁽¹⁷⁾.

5.7.2 Monitoring systems require and must also ensure that processes in the actual storage site can be understood and modelled as accurately as possible (measurements taken at or near surface level do not provide sufficient information on this). For this reason, the models which are used should if possible be tested or certified using two independent simulation/modelling systems.

5.7.3 The term 'leakage' should be defined as follows: 'Any release of CO₂ from the storage complex which can be verified using state-of-the-art monitoring systems'. It is not possible to provide absolute (i.e. 100 %) leak-tightness, nor could such tightness be proved because of the natural release of CO₂ from the ground. Nor is such leak-tightness essential on grounds of safety or climate protection ⁽¹⁸⁾. This definition, based on state-of-the-art technology available at a given time, would ensure increasingly precise monitoring systems, which would also benefit from development of CCS, thus making a dynamically developing contribution to further improvements in safety.

⁽¹⁶⁾ Often also an HSE (Health, Security, Environment) requirement.

⁽¹⁷⁾ See also Article 13(2) and Annex II of the proposed directive.

⁽¹⁸⁾ If this were not the case, emissions certificates would be needed (emission trading scheme).

5.7.4 Should there be any plan during subsequent day-to-day operation to set maximum permitted leakage levels, the level chosen could be one at which there is no threat to safety or climate, and therefore one which is of no relevance to emissions certificates, for example leakage of 0.1 %/100a.

5.8 The duration of exploration permits, as proposed by the Commission in Article 5(3), is too short. Experience shows that a period of at least four years is necessary, even under optimal circumstances, in order to implement the exploration work programme. We must, on no account, be faced with a situation in which exploration work has to be halted solely because the prescribed duration, including the extension period, has expired, even in cases where very little data have still to be obtained. Provision should therefore be made for flexible rules, taking account of the local conditions whilst, at the same time requiring operators to proceed apace with the exploration programme, in order to prevent potential storage sites from being blocked because of delays in exploration.

5.9 Whilst the exploration of a potential storage site requires know-how, skilled staff, time and money, success is by no means guaranteed. A decisive incentive to carry out exploration would therefore be lost if this commitment on the part of enterprises were not to be backed up by a prior claim to the use of storage sites. The provisions proposed by the Commission in Article 5(4) should therefore be backed up by the granting of first right of access to storage, for instance by including the following sentence (already under discussion): 'After this time, the CO₂ storage exploration permit shall either be converted into a CO₂ storage permit or else be relinquished for the total area covered'.

5.10 The Commission rightly proposes that a corrective measures plan be drawn up. This plan (see Article 9(6) and Article 16(1)) should, however, only be applied in line with the requisite changes to the definition of the term 'leakage' (Article 3(5)).

5.11 Articles 6 to 9 of the proposal set out provisions governing applications for storage permits, the conditions for granting such permits and the contents of these permits. It is clear from these provisions that several operators may be working in one geological formation.

5.11.1 In principle, the EESC welcomes the idea that access should be free of discrimination. Difficult questions relating to delimitation, however, arise with regard to the responsibility for leakages and the transfer of responsibility to the State.

5.11.2 For this reason, there should be a rule that only one operator can be granted a permit for each storage complex, thus ensuring that responsibilities are clearly identified. Article 20 would also ensure that access to storage sites is free of discrimination.

5.12 Under the Commission's proposal a national authority has to notify the Commission before finally awarding permits (Article 10 and Article 18) and then await the Commission's opinion for a period of up to six months. The Commission's opinion has then to be taken into consideration when granting the permit or, where appropriate, the authority has to state the reasons if it deviates from the Commission's opinion.

5.12.1 The proposed provisions would bring about delays and lead to heightened bureaucracy. Furthermore, they are out of step with the subsidiarity principle.

5.12.2 The Committee therefore recommends amending these provisions of the regulation in such a way as to ensure sufficient uniformity in national procedures while avoiding preventable delays and ensuring sufficient compliance with the subsidiarity principle. To this end, one possible approach would be to limit the licensing process to an obligation on the part of national authorities to notify the Commission. If infringements take place, the Commission could have recourse to the tried-and-trusted instrument of an infringement procedure under Article 226 of the EC Treaty. The text of Article 10 could therefore read: 'The competent national authority shall notify the Commission of its decision on storage permits, for the purpose of verification'.

5.13 The EESC believes that the national authorities require effective instruments and also need to carry out regular checks in order to ensure the safety of storage sites at all times. The EESC does, however, doubt whether this goal is furthered by the Commission's proposal for an additional review of storage permits every five years. This provision would not further enhance safety but would give rise to additional bureaucracy affecting all stakeholders.

5.14 Article 18 of the proposed Directive sets out stringent demands in respect of the transfer of responsibility for storage sites to the respective Member State. The EESC welcomes these provisions which are the right course of action.

5.14.1 Article 18(1) of the proposal calls, however, for all available evidence to indicate that the stored CO₂ will be 'completely' contained for the indefinite future. Absolute leak-tightness cannot, however, be assured, and should not therefore be made a requirement. In this context, the EESC would, therefore, refer to its comments in points 5.7.3 and 5.7.4.

5.14.2 To avoid creating insurmountable obstacles to the transfer of responsibility, the passage in question should read: '... all available evidence indicates that leakages are not to be expected for the indefinite future ⁽¹⁹⁾'. (This is in line with the definition referred to in point 5.7.3 above).

5.15 Under the Commission's proposal, it is essential for the undertaking to lodge a financial security when developing storage sites and starting storage operations (Article 19). The EESC endorses this provision and welcomes the fact that responsibility for determining the form of this financial security is to be in the hands of the Member States.

5.15.1 In the EESC's view, it is not, however, appropriate for the security in question to be provided, in full, prior to the submission of the application for a storage permit. Rather, the financial security payment should in principle be geared to the security required at that particular stage of the project. Failing this, the financial incentive for companies to invest in this new technology, which has in any case been insufficient up to now, will be even lower.

5.15.2 In the event of leakages which could impact on climate change, additional emissions certificates will have to be purchased subsequently. In view of the extensive investigations preceding awards of storage permits, it is unlikely that such leakages will occur. Proof of sufficient assets which are accessible even in the event of storage operators becoming insolvent should therefore suffice as financial security. Given the remote probability of such an eventuality, requiring more than this would place a disproportionate burden on companies' investment capacity.

5.16 Some of the procedures required in Annex I for characterisation and assessment of storage sites are still at the R&D stage. To ensure the manageability of such procedures in practice, documentation requirements should refer to 'state-of-the-art' technology.

5.17 In Annex I and in the risk assessment of potential storage sites, the concept of biospheres should be clarified. Biospheres in which no negative impact is permitted should include not only biospheres on the earth's surface but also biospheres down to the level of drinking water aquifers.

5.18 Details should also be given of membership and working methods of the expert group responsible for ongoing revision of the Annex.

Brussels, 9 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

⁽¹⁹⁾ Translator's note: footnote does not apply to the English-language version.

Opinion of the European Economic and Social Committee on the ‘Proposal for a directive of the European Parliament and of the Council amending Directive 2006/66/EC of the European Parliament and the Council on batteries and accumulators and waste batteries and accumulators as regards Article 6(2) on placing batteries and accumulators on the market’

COM(2008) 211 — 2008/0081 (COD)

(2009/C 27/18)

On 22 May 2008 the Council decided to consult the European Economic and Social Committee, under Article 95(1) and Article 251 of the Treaty establishing the European Community, on the

Proposal for a directive of the European Parliament and of the Council amending Directive 2006/66/EC of the European Parliament and the Council on batteries and accumulators and waste batteries and accumulators as regards Article 6(2) on placing batteries and accumulators on the market.

Since the Committee endorses the contents of the proposal and has already set out its views on the subject in its earlier opinion 655/2004-2003/0282 COD, adopted on 28 April 2004 (*), it decided, at its 446th plenary session of 9 and 10 July (meeting of 9 July), by 138 votes to 1 with 3 abstentions, to issue an opinion endorsing the proposed text and to refer to the position it had taken in the above-mentioned document.

Brussels, 9 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

(*) EESC opinion on the Proposal for a Directive of the European Parliament and of the Council on batteries and accumulators and spent batteries and accumulators, OJ C 117 of 30.4.2004.

Opinion of the European Economic and Social Committee on the 'Non-energy mining industry in Europe'

(2009/C 27/19)

On 17 January 2008, the European Economic and Social Committee, acting under Article 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on

Non-energy mining industry in Europe.

The Consultative Commission on Industrial Change, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 24 June 2008. The rapporteur was Mr Fornea and the co-rapporteur was Mr Pop.

At its 446th plenary session, held on 9 and 10 July 2008 (meeting of 9 July), the European Economic and Social Committee adopted the following opinion by 135 votes to one with 10 abstentions.

1. Conclusions and Recommendations

1.1 The main pillars for the future security of raw materials supply in Europe are: **domestic supply, international supply, capacity building and resource efficiency.**

— The policy in raw materials **domestic supply** should take into account industry, environment policy and land-use planning as an integrated approach. The best practice in the field should be extended to new potential areas. Access to domestic resources within the Member States should be encouraged by providing the necessary balance between the environment and industrial development policies, as well as harmonised incentives for development and protection in extending existing sites and opening new ones where these are, on the one hand, economically and socially viable and desirable and, on the other, environmentally sustainable.

— The globalisation impact on **the international supply** of minerals should be properly assessed by the EU and Member States whenever the import of raw materials from outside prevails. European environmental and social standards should be observed when considering investment policy and industrial relocation. Access to raw material should be guaranteed for European Users and the strategic dependence of the EU should be reduced.

— **Capacity building** in European non-energy extractive industries bears upon a wide range of challenges, such as administrative barriers, the need to improve the sector's image, the need for qualified manpower, management techniques, education and training.

— **Improved efficiency** of resource extraction processes depends on progress made in other sectors active in both mineral extraction and other areas and calls for cooperation between the European Commission and Member States.

1.2 The European Economic and Social Committee urges the Commission and the Member States to work on the following recommendations (see paragraph 3.2 for detailed recommendations):

— **Better regulation** through improved legal framework and permitting system; exchange of best practice in planning policies; cutting-down excessive administrative burden in the issuing of permits; facilitating exploration activities; promoting sustainable development in expanding extraction sites, and securing mineral deposits ⁽¹⁾.

— **Strengthening the compatibility** of extraction and environmental protection by: extending best practice in and around Natura 2000; advocating the proximity principle in transport procedures in order to reduce pollution and costs, and improving access to resources ⁽²⁾.

— **Reinforcing the mineral intelligence** at the EU level by establishing a European geological capacity and a European Mineral Resources Information System, to be built on the basis of the capacities of the Member States' National Geological Surveys.

2. Overview of the Sector

2.1 Minerals are essential for development and therefore for our quality of life and the creation of sustainable communities. Non-energy minerals ⁽³⁾ are basic materials for our daily life: a house contains up to **150 tons of minerals** incorporated in: cement, clay, gypsum, calcium carbonate, composite materials, glass, paint, ceramics, tiles and tons of metals; a car contains up to **150 kilograms of minerals** in rubber, plastics, glass and more than **one ton of metals**; **50 %** of paints and paper are made from minerals; glass and ceramics also contain up to

⁽¹⁾ See paragraph 3.2.1 for detailed recommendations.

⁽²⁾ See paragraph 3.2.2 for detailed recommendations.

⁽³⁾ According to SEC(2007) 771, non-energy minerals are classified as: metallic minerals (copper, iron, silver, etc.); industrial minerals (salt, feldspar, kaolin etc.) and construction minerals. According to IP — 07 — 767, in the case of metallic minerals, Europe's capacity to provide its own supply through domestic extraction is very limited. As an illustration, 177 million tons of metallic minerals were imported into the EU in 2004 with a total value of EUR 10.4 billion, compared to the EU's production of some 30 million tons.

100 % minerals ⁽⁴⁾. Mineral planning ensures that societal and economic needs as well as the extraction and processing impact on people and environment are managed in an integrated way by considering the whole life cycle of the mine/quarry from the very beginning of the extraction process, and to include closure and after-closure care in the planning process. In the light of globalisation and intensified competition on the raw materials' markets, the strategic value of the mining sector is constantly increasing. As far as extraction technology is concerned, Europe has become a world leader, but this should be consolidated with a view to for future developments.

2.2 Today, 70 % of the European manufacturing industry depends on extracted substances, while the EU 27 is currently facing a large-scale restructuring of the mining industry and the price of metals on the global market is rising steadily. In order to tackle this trend, European industrial policies have to take into consideration the fact that security of supply and demand for raw materials should prevail in the context of free market forces.

2.3 The European Non-Energy Extractive Industries provide jobs for **295 000 employees** in about **18 300 companies**, with a turnover of EUR **45.9 billion**, and include many SMEs ⁽⁵⁾. The sector promotes environmental responsibility and sustainable development through its member organisations and is committed to corporate social responsibility.

2.4 Many Europeans do not recognise the importance of mining, but in future, the sustainable growth of Europe will depend heavily on locally extracted substances, while the high demand for minerals coming from countries such as China and India will have a real potential to affect security of supply for the EU ⁽⁶⁾. In the context of a global approach, these regions tend to capture the lion's share of raw materials and financial resources, and the result of this is industrial restructuring and investment relocations on an international scale.

2.5 In order to deal with globalisation and climate change, the EU's Energy Policy for Europe and Integrated Mining Policy are vital strategic elements. This was acknowledged from the very beginning of European construction ⁽⁷⁾. As the Member States are committed to supporting the EU's efforts to promote renewable sources of energy and the efficient use of energy, it is important to understand that this can only be achieved if European industries have safe access to non-energy minerals, primarily base and high technology metals and minerals which are vital to 'green economies'. Changing patterns of behaviour, energy efficiency and renewable sources of energy have resulted

in more technologies and more R&D activities. It is a recognised fact that technological equipment incorporates large quantities of metals, a large proportion of which is made up of rare and precious metals, which, as we must realise, are almost unavailable in Europe ⁽⁸⁾.

2.6 The European Economic and Social Committee welcomes the proposal from the European Commission to publish a Communication in 2008 on improving sustainable access to raw materials. The Communication should recommend feasible, realistic and helpful actions through which the industries may gain improved sustainable access to resources. This is of particular importance as the industries are facing important supply challenges:

- reduced availability of accessible deposits suitable for mineral extraction as a result of insufficient or short term land-use planning or due to the insufficient integration of geological knowledge;
- high administrative burden and cost of obtaining extraction permits due to additional regulations and time consuming preliminary studies;
- difficulties in obtaining extraction permits, both for new quarries and mining operations and for the extension of existing ones.

2.7 The European Economic and Social Committee appreciates the contributions of the Commission's specialists in the Commission staff working document 'Analysis of the competitiveness of the non-energy extractive industry in the EU' ⁽⁹⁾ and emphasises that Europe's capacity to provide its own supply of metallic minerals through domestic extraction is still limited, in spite of the EU's enlargement.

2.7.1 It is possible to improve the security of supply of European industries by further substantial investments in the mining sector of the new Member States with geological potential, using and improving the existing EU assistance mechanisms.

2.7.2 Major mineral resources are available in the Eastern European countries where the geological structure has always allowed for the development of mining activities. However, in these new EU countries, the sector was underfunded by the state, so the situation today does not show the real potential of the non-energy mining industry. From this perspective, it is essential to have private capital invested in these mining companies in order to supply the financial resources which up to now were provided mostly by the state.

⁽⁴⁾ Euromines.

⁽⁵⁾ Eurostat.

⁽⁶⁾ *China's commodity hunger. Implications for Africa and Latin America* — Deutsche Bank Research.

⁽⁷⁾ Treaty establishing the European Coal and Steel Community, signed in 1951.

⁽⁸⁾ This approach can be found in the Fourth Report of the High Level Group on Competitiveness, Energy and Environment, 27 November 2007 and G8 Summit Heiligendamm 6-8 June 2007. The High Level Group on Competitiveness, Energy and Environment provides a platform to galvanise the political commitment required to launch a coherent strategy to facilitate access to raw materials.

⁽⁹⁾ SEC(2007) 771.

2.7.3 In order to secure the supply of raw materials for European industry and to strengthen its competitiveness, it is crucial to address the challenges of an uneven playing field in terms of sustainable supply and access to mineral resources. These challenges need to be addressed at a high level in a comprehensive approach incorporating a wide range of policy areas, such as trade, development, energy, infrastructure and transport, enterprise and consumer policies.

2.7.4 The extractive industry interacts with a series of other industries such as technology and machinery providers, research, consulting, financial and environmental services, etc. ⁽¹⁰⁾ This is why an extractive operation usually provides, on average, four times as many indirect jobs as the direct jobs in the region where it is located. The regional growth potential is considerable, particularly in areas where other economic development is difficult.

2.7.5 The European Economic and Social Committee urges the Commission to review the best practices and model operations that exist at Member State level, in order to develop and promote them at EU level by taking into consideration not only the technical issues related to technology, but also Member States' experience in organising geological surveys and mine and quarry management for minerals ⁽¹¹⁾.

Internationally, a Resource Endowment Project ⁽¹²⁾ has been developed which provides guidance and case studies on how the best mineral resources can be used for economic development. Such a case study might also be developed in the EU.

3. Main pillars and recommendations for the future supply of raw materials

3.1 Domestic supply

3.1.1 The limited access to resources, the high administrative burden and the increasing costs for permit application processes result in reduced investment in the EU non-energy industry sector — even in high demand areas. A European raw materials supply policy has to take into account industry and environment policy as well as land-use planning in order to ensure better coordination between national planning competences and the European policy levels.

3.1.2 Some national initiatives on mineral planning for communities and local government can provide good examples

⁽¹⁰⁾ For example, in modern mining, financial services are very important for the evolution of a mine. Financial products differ depending on the stage: exploration, feasibility stage, mine development, operations, mine closure.

⁽¹¹⁾ To be seen in existing case studies in Finland, Sweden, the UK and other European countries.

⁽¹²⁾ Initiative launched in 2004 by the International Council on Mining and Metals. It seeks to identify good policy practice for mining and metals investments at national/regional and corporate levels within developing countries.

of how to manage, in an integrated way, the need of society and the economy for minerals, together with the impact of extraction and processing on people and the environment.

3.2 The European Economic and Social Committee urges the Commission to recommend the following in its proposed Communication:

3.2.1 Improving the legal framework and permitting system (better regulation) through:

- the improvement of mineral planning policies through the exchange of good practice in the EC Raw Materials Supply Group ⁽¹³⁾; in particular, on the one hand, with regard to the involvement of geological surveys and their expertise and knowledge about deposits and, on the other hand, with regard to the consultations with operators already present in the areas concerned by infrastructure and nature protection planning;
- the development of a one-stop-shop system (a single contact point for all the parties participating in issuing the permits and that is in a position to assess economic, social and environmental issues), in order to improve the land-use planning and permitting processes. The development of such a system is within the competence of each of the EU Member States;
- facilitating exploration by encouraging exploration activities in Europe through better national regulations, by:
 - providing incentives to exploration companies for the exploration work carried out,
 - improving security of tenure for exploration properties to raise investors' confidence,
 - cutting down exploration property acquisition time,
 - running promotional campaigns to encourage setting up of exploration companies and to attract outside companies to explore within the EU ⁽¹⁴⁾;
- facilitating exploration and extraction by reviewing existing legislation and ensuring better implementation through more efficient processes and time limits;
- ensuring consistent implementation as regards the compatibility of nature protection goals with mineral resources extraction;

⁽¹³⁾ Raw Materials Supply Group is a stakeholder group comprising industry, environmental NGOs, trade unions, Member States and the Commission.

⁽¹⁴⁾ According to Metals Economic Group's eighteenth annual edition of Corporate Exploration Strategies, the high commodity prices have increased the worldwide nonferrous exploration total to US \$ 10.5 billion in 2007. The top ten countries with mining exploration budgets are: Canada 19 %, Australia 12 %, US 7 %, Russia 6 %, Mexico 6 %, Peru 5 %, Chile 4 %, South Africa 4 %, China 3 %, Brazil 3 %.

- assessing the sustainability aspects in expanding an existing raw material extraction site rather than opening a new one in a different location in order to meet the demand, and also economic, social and environmental protection goals;
- simplifying existing legislation and eliminating unnecessary administrative burdens, such as multiple reporting;
- securing mineral deposits by giving higher priority to mineral resources in EU policies (competitiveness, development, environment, research, industry, regional development), so that proven resources are not needlessly sterilised by non-mineral development. This could be achieved by:
 - ensuring that each EU Member State has a national supply policy, published regularly and in full in English,
 - identifying the EU's current and future mineral potential and regularly updating such information and making it easily accessible,
 - identifying EU strategic minerals and coordinating national policies for their supply.
- providing access to remote areas by including access to mineral deposits in European Commission and Member States' infrastructure planning while providing, where appropriate, more ecological transport for large bulk materials, e.g. rail, barge and sea transport;
- marine aggregates;
- reducing the not-in-my-back-yard effect through a research programme on the reduction of nuisance related issues and thus improving the acceptability by communities.

3.2.3 Reinforcing the mineral intelligence at EU level by:

3.2.2 Strengthening the compatibility of extraction and environmental protection by:

- developing a GIS ⁽¹⁵⁾-based information system on the location, nature, resource and reserves of on-shore and off-shore EU mineral resources to facilitate integration of mineral potential in land-use planning, inter alia for the selection and definition of protected areas;
- providing case studies of best practice for the implementation of Article 6 of the 'Natura 2000' directive;
- improving the effectiveness and efficiency of Environmental and Social Impact Assessments by developing better and clearer implementation guidelines for Member States in order to:
 - ensure a harmonised approach across the EU,
 - shorten time spans for the delivery of these assessments as well as the response time of the authorities and thus provide more legal stability and predictability for investors;
- promoting the use of best extraction practice to halt the decline in biodiversity;
- advocating the proximity principle in mineral supply within the EU where feasible in order to reduce transport and related emissions and noise;
- providing policy makers with access to more comprehensive data on resources: production, employees, revenue generated, land used for mineral extraction and land returned for other uses to ensure that decisions can be made using the best available data;
- giving more attention at both European and national level to the growing importance of European metals, industrial minerals and aggregates at the political and legislative level;
- ensuring that geological information is taken into consideration in land-use planning and as a matter of priority providing information on mineral deposits for land-use data bases and seriously considering the creation of a European Geological Capacity based on the existing national and regional Geological Surveys and their capabilities. Its remit could include:
 - the identification of strategic resources and recommending them to Member States as key priorities in land use planning;
 - integrating into the European Spatial Development Perspective ⁽¹⁶⁾ (policy framework which has been dormant since 1999) the EU perspective on access to mineral resources and relaying that to the EU Member States mineral planning policies;
 - analysing the impact of climate change policies on mineral supply and self-sufficiency aspects;
 - improving the knowledge of distribution and quality of mineral resources in the EU and their strategic importance and evaluating potential under Global Monitoring for Environment and Security (GMES);

⁽¹⁵⁾ Geographic Information System.

⁽¹⁶⁾ The aim of the spatial development policies, as was defined by The Informal Council of EU Ministers responsible for Spatial Planning held in Potsdam on 10-11 May 1999, is to work towards a balanced and sustainable development of the territory of the European Union in order to achieve economic and social cohesion, conservation and management of natural resources and the cultural heritage, more balanced competitiveness of the EU.

- developing a pan-European geological database, built on the INSPIRE ⁽¹⁷⁾ principle and on the assessment of the potential for concealed metallic and mineral deposits, in the main metallogenic/mineral rich areas;
- using information and services derived from earth observation, such as GMES, which is a Community initiative launched at the Gothenburg Summit 2001 together with the European Sustainability Strategy. The GMES 'Land Monitoring Core Service (LMCS)' as one of these will provide from 2008 onwards digital vector maps of the actual land-use/land-cover all over Europe (38 countries including Turkey) seamlessly and with a gradually increasing accuracy (1 ha minimum mapping unit, departing from the current Corine Land-cover with 25 ha). Another part of LMCS selects cities and other 'hot spots' with an even higher accuracy (0.25 ha) and a content adapted to the management of areas subject to intensive use and change.

Also, gaining greater knowledge of the mineral potential of deeper parts of Europe's main metallogenic provinces: while geological information and knowledge is very good over most of Europe with respect to the first 100 metres below the surface, knowledge and spatial information on the deeper part of those provinces remains limited, although they are likely to host the mineral deposits that Europe will need to meet its future needs. The exploitation of deep-seated deposits has a number of advantages: very little surface footprint, hence greater social acceptability, and limited environmental impacts;

- a global component aiming at supporting the EU external policies is also under development. Such information will make it possible to:
 - collect enough mining data, spatially representative and predictable,
 - identify and quantify areas of open pit mining and/or mining infrastructures,
 - identify potential conflict areas (e.g. protected natural sites) or compensation areas,
 - monitor impacts on household water and effects of pollution,
 - monitor re-naturalisation process after site-closure,
 - take urgent action in case of accidents.

⁽¹⁷⁾ Directive 2007/2/EC of the European Parliament and of the Council establishing an Infrastructure for Spatial Information in the European Community.

4. International Supply

4.1 The full impact of globalisation on the demand and supply of mineral resources has not been assessed by the EU or its Member States ⁽¹⁸⁾. The European Economic and Social Committee recognises that there are many reasons to import raw materials from outside the EU. However, the fact that imported products may not have complied with European environmental and social standards during the production process could result not only in a loss of competitiveness for the EU economy, but also in the relocation of environmental and social problems.

4.2 The European Economic and Social Committee urges the Commission to recommend the following in its proposed Communication:

- identifying strategic resources and recommending them to Member States as key priorities in land-use planning;
- creating conditions which stimulate the competitiveness of the European extractive industry by making the most of research and innovation achievements and promoting investments;
- identifying and documenting raw material import and export flows and assessing long term political and economic reliability;
- creating new programmes through European funds for improved sustainability of extraction, transport and use of minerals in the regions with good resources potential;
- ensuring, through the European Commission, the OECD and the UNEP Sustainable Raw Materials Forum, that imported materials are produced in a sustainable manner;
- encouraging EU investments in non-EU countries, with special focus on Latin America, Africa, Russia and Central Asia countries ⁽¹⁹⁾;
- fostering implementation of European standards in countries of origin through cooperation programmes;
- improving access and the long term stability of supply flows must be on the agenda when shaping EU foreign policies and should be addressed by EU officials at high ranking bilateral meetings and summits.

5. Capacity building

5.1 European Non-Energy Extractive Industries face a variety of challenges with regard to capacity building, which involves developing existing capacities and establishing new ones. One important component of this is the improvement of the sector's image. However, it is not the only measure that must be taken to attract new and young people, maintain the existing European workforce in this sector and improve their ability to cope with the modernisation of the sector.

⁽¹⁸⁾ At global level, United Nations Conference on Trade and Development has made an assessment on this issue in Part Two of its World Investment Report 2007.

⁽¹⁹⁾ According to Raw Materials Data, Stockholm, January 2008, the total investment in the global mining industry at the end of 2007 was US \$ 308 billion. That was up 50 % from 2006, which was in turn up 20 % from 2005.

5.2 The European Economic and Social Committee urges the Commission to encourage the following in its Communication:

- development of an EU or nationally supported skill enhancement programme for an existing trained workforce that requires further training and education, and an effective policy for life-long learning;
- initiation of special EU programmes for making the most at European level of existing qualified manpower for prospective job offers and investment in the potential global mining areas as one of the main factors (technology, know-how, mining intelligence) in providing access to important mineral deposits worldwide;
- investment in universities and educational programmes to increase overall capacity in the area by reviewing current national support for the mining and mineral processing as well as geology related departments in order to draw in increased numbers of students in this area as well as research activities in these disciplines;
- encouragement from decision-makers for the development of clusters and technology parks within mining areas, since the extractive industry interacts a great deal with other industrial and service providers and we know that a job created in mining provides four further jobs;
- awareness-raising with regard to the role of minerals and the sustainability of industries through educational courses, workshops, debates, conferences — an interdisciplinary approach: for example, promoting in schools and universities concepts such as eco-mining, economic geology, responsible use of mineral resources etc.;
- promotion of and research into health & safety issues as an indispensable necessity for the sustainability of the mineral resources sector;
- special emphasis on the prevention of occupational hazards and on preventive medical measures.

6. Resource efficiency

6.1 The involvement of other sectors active in the process of mineral extraction is vital for resource efficiency. It is stressed that an active extractive industry in Europe is also a driver for the development of world class European technology and service providers.

6.2 The European Economic and Social Committee urges the Commission to recommend the following in its proposed Communication:

- encouraging the Commission to lend its full support to the European Technology Platform on Sustainable Mineral Resources ⁽²⁰⁾ as it has just recently been officially recognised;
- promote industry participation in EU and national R&D programmes run in cooperation with the European Commission for increasingly sustainable extraction and a programme for the use of raw materials through technological improvement;
- involving machinery manufacturers in such a programme to further reduce
 - noise and at the same increase safety;
 - dust, in cooperation with filter makers;
 - CO₂ levels and energy consumption, also in cooperation with energy companies;
 - vibration at the workplace;
 - water usage throughout the industry;
- improving stewardship and operational acceptability through:
 - recycling;
 - processing of minerals to improve efficiency (i.e. doing more with less);
 - using minerals to save precious and rare resources;
 - using alternative raw materials including secondary raw materials and waste materials where appropriate;
 - promoting the Life Cycle Contribution of industries;
- promoting environmental synergies, e.g. produce locally to avoid transport problems;
- encouraging, through the Commissions' Directorates, an assessment of the current situation of freight cost structures (rail, barge and ship) and their competitiveness in an international context, as happens in the energy sector;
- encouraging studies on biodiversity in the mining and quarrying environment;
- fostering the use of secondary materials in line with sustainable development.

Brussels, 9 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

⁽²⁰⁾ ETP SMR, web: <http://www.etpsmr.org/>.

Opinion of the European Economic and Social Committee on the 'Integration of minorities — Roma'

(2009/C 27/20)

On 27 October 2006 the European Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the

Integration of minorities — Roma.

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 10 June 2008. The rapporteur was Ms Sigmund and the co-rapporteur was Ms Sharma.

At its 446th plenary session, held on 9 and 10 July 2008 (meeting of 9 July 2008), the European Economic and Social Committee adopted the following opinion by 130 votes to 4, with 10 abstentions.

Recommendations

The radical shift that is needed in relations between minorities ⁽¹⁾, especially the Roma, and the majority population, including their integration and a change in their socio-economic position, is a long term process that nevertheless requires a 'two track' approach:

- a) on a short term basis, dealing with those issues, which need immediate emergency action, such as for example, adopting legislation in Member States to make enforceable and effective the European antidiscrimination legislation which defends the rights of citizens.
- b) by initiating a long-term process that will take decades, in particular at the levels of the Member States and/or the regional and local level, such as for example the improvement of the schooling of the children and of the young Roma girls and men, the promotion of the Roma language and culture etc.

The solutions are therefore not only at EU level, but essentially at Member State, and regional and local level requiring greater cooperation and partnerships.

Integration of minorities, especially Rom requires:

1. a legal basis for action that builds on the acquis as well as on the pertinent areas of the open method of coordination (education, employment, social protection and social inclusion);

⁽¹⁾ Council of Europe Parliamentary Assembly RECOMMENDATION 1201 (1993) Convention for the Protection of Human Rights and Fundamental Freedoms, the expression 'national minority' refers to a group of persons in a state who: reside on the territory of that state and are citizens thereof; maintain longstanding, firm and lasting ties with that state; display distinctive ethnic, cultural, religious or linguistic characteristics; are sufficiently representative, although smaller in number than the rest of the population of that state or of a region of that state; are motivated by a concern to preserve together that which constitutes their common identity, including their culture, their traditions, their religion or their language:
<http://assembly.coe.int/Main.asp?link=/Documents/AdoptedText/ta93/EREC1201.htm>.

2. a coherent and long-term umbrella policy strategy from the Commission;
3. structured, transparent and sustainable cooperation between all organised civil society players and the promotion of capacity building for NGOs;
4. the active responsible involvement of the Roma representatives in the process, and
5. a responsible institutionalised platform structure for the practical implementation of specific steps;
6. positive action programmes to be developed around education, training and employment, including self employment.

Additionally the Committee calls for the establishment of a Jean Monnet chair of Romani (the Roma language) and Roma culture.

The recommendations will not be met if this is to be a top-down approach. Only by persuading the Roma community, especially the male leaders, can positive developments be achieved. This requires investments in the training of Roma. The European Structural Funds could be used in this context.

1. Introduction

1.1 In a letter dated 27.10.2006, the vice-president of the Commission and Commissioner responsible for inter-institutional affairs, Margot Wallström, asked the Committee, on the occasion of the European Year of Equal Opportunities for All 2007, to draw up an exploratory opinion on 'how to promote concerted efforts in order to maximise the impact and effectiveness of all relevant instruments in order to fight discrimination and promote the integration of minorities, notably Roma'.

1.2 Since the Committee has already addressed the discrimination of minorities in various areas of everyday life in a number of opinions ⁽²⁾, it initially draws attention to the points made therein and their relevance to the Roma and concentrates in the present opinion on the particular situation of this minority in all areas of life. The Committee hopes its proposals will help to mainstream this issue and stresses the importance of a coherent umbrella strategy to bring the Roma into the process of European integration.

2. The Roma in Europe

2.1 **The Roma and their history:** Since the historical origin of a particular minority has a commensurate impact on its social and political identity and on the associated potential for conflict, knowledge of one's own history is of the utmost importance for both the minority and the majority.

Roma have lived in Europe for more than seven centuries. The presence of a variety of Roma groups in almost all European countries since the end of the fifteenth century is as well documented as the measures taken to discriminate, exclude and persecute them. In some countries Roma were victims of slavery and in the twentieth century Roma were subjected to particularly horrendous, state-sponsored persecution: the number of Roma victims of racial persecution and genocide under the Nazis is difficult to generally considered to exceed half a million.

In short, the history of the Roma in Europe is one of persecution and persistent discrimination down the centuries, which understandably has frequently led to many of their number being traumatised.

This is why every effort must be made to help the Roma cast off the mantle of victim hood and transform themselves from — more or less mistrusted — passive objects to active players who are ready and able to take an active and responsible role in society, in particular in the Roma related policies.

2.2 **The Roma and Roma demographics:** A lack of reliable statistics means that there are no meaningful demographic data on Roma. As a result, the number of them thought to live in Europe ranges from ten to twelve million (between seven to nine million in the EU). An estimated 60 % of these live in the

direst poverty on the margins of society ⁽³⁾. The pattern and extent of exclusion are similar in all the Member States, though there are differences resulting from historical and socio-political factors.

Demographic trends among Roma differ from those of the majority population: their increasing proportion — despite high infant mortality and a low rate of life expectancy — in the total population over the long term is a big challenge for all areas of social and education policy. Without significant improvements to Roma education and skills levels, Member States will have large and growing numbers of poorly trained and low-skilled people, who will act as a brake on economic development and become a drain on welfare systems. This calls for education and employment policies and strategies that are sensitive to Roma traditions and socio-economic living conditions. Only if educational opportunities, and training to go with them, are provided and taken up will the Roma be able to make that active contribution to the society to which they belong that is legitimately expected of them.

2.2.1 **The Roma and their Language:** Romani is an Indo-European language spoken in numerous forms in Europe's various Roma communities, Romani variants/dialects exist; nevertheless a large common vocabulary is understood by most of Roma throughout Europe. Romani is even the mother tongue in many communities. An exception is those countries, such as Spain, for instance, where the language was banned and has been partially lost. Recognising the importance of Romani, as well as standardising and teaching it, is of the utmost importance both within and outside the minority. Apart from the Paris *Institut des langues et des civilisations orientales*, only the foreign languages faculty of Bucharest university has a lecture-ship in the language. Work is also conducted on a local Roma dialect at Prague's Charles University and Eötvös University in Budapest has an initiative for a language course under the European Charter for Regional or Minority Languages. Research is also being conducted in the University of Manchester.

A common language fashions a common identity. The promotion of their language is of fundamental importance, therefore, for the social recognition and cultural identity of the Roma.

⁽²⁾ EESC-Opinion of 13.9.2006 on *Immigration, integration and the role of civil society organisations*, rapporteur: Mr Pariza Castaños (OJ C 318 of 23.12.2006), EESC-Opinion of 10.12.2003 on *Immigration, integration and employment*, rapporteur: Mr Pariza Castaños (OJ C 80 of 30.3.2004), EESC-Opinion of 5.6.2000 on *Measures to combat discrimination*, rapporteur: Mr Sharma (OJ C 204 of 18.7.2000); EESC-Opinion of 1.12.2003 on the *European Monitoring Centre on Racism and Xenophobia*, rapporteur: M. Sharma (OJ C 80 of 30.3.2004).

⁽³⁾ The following are some of the main documents dealing with the issue. The sites contain numerous other references and links, as well as examples of good practice and different used linguistic versions, where available.

'The Situation of Roma in an Enlarged Europe', Report of the European Commission, 2004)

(http://ec.europa.eu/employment_social/fundamental_rights/roma/)

'Avoiding the Dependency Trap', UNDP, 2003

(<http://roma.undp.sk/>)

'Final Report on the Human Rights Situation of Roma, Sinti and Travellers in Europe', Council of Europe, 2006, by Alvaro Gil Robles, High Commissioner for Human Rights

(http://www.coe.int/t/dg3/romatravellers/documentation/default_en.asp)

'Action Plan on Improving the Situation of Roma and Sinti Within the OSCE Area'

(www.osce.org/odihr/)

'Analysis of the Anti-Segregation Policies in the Countries Participating in the Decade of Roma Inclusion'

(www.romadecade.org).

For this reason, the Committee calls for the establishment of a Jean Monnet chair of Romani and Roma culture.

2.3 *The Roma as a component of European culture*

That the Roma have made their contribution to the diversity of European culture down the centuries is amply demonstrated in areas such as music and the visual arts. Given that 2008 is the Year of Intercultural Dialogue, this is a good opportunity to highlight and intensify this interconnectedness.

3. The Roma and their alternative lives

3.1 The Roma — A life of discrimination: Today, societal and institutional discrimination, including anti-gypsism, presents itself almost daily and is often reproduced in the media; this is unacceptable under European legislation. Roma are citizens of an enlarged Europe and have rights under the ratified Treaty, particularly under Article 13. Failure to grant these rights constitutes discrimination, which is even, in some cases, institutional.

3.1.1 Before and after birth: Inherent discrimination within the social systems results in many poor, malnourished, uneducated Roma girls growing up to become poor malnourished mothers who have underweight babies. Antenatal care within minority communities is generally absent resulting in both mother and baby being nutritionally deficient. Health provisions for delivery are limited, with outreach midwifery and health visitor services being restricted and access to hospitals dependent on travel provision or financial ability. This results in the babies being unregistered legally and unvaccinated in their early years. Simply including Roma in existing health care systems is not sufficient to reduce unfavourable health trends. Emergency culturally sensitive measures are needed such as health awareness and family planning, massive revaccinations and TB screening for entire communities. This should be encouraged with the active involvement (through training) of Roma women and Roma health mediators, through health mobile units, information accessible and understandable by the Roma communities. Member States should ensure that each Roma baby figures in the birth register and has his birth certificate.

3.1.2 Early childhood development is essential for the successful school participation and integration as 'first years last forever'. From this respect mother-baby programmes, play groups strengthen the mothers just like parent education programmes but also provide an integrated approach in all meanings and take into consideration the families' needs. The Sure Start programme introduced in the UK and spreading in many EU countries is a good example of inclusion of mothers and young children and offering day care provisions as well.

There is a shortage of good quality day care opportunities in almost all EU countries according to the Barcelona targets and Roma children are often refused.

3.1.3 School age (6-14): Poor school attendance of Roma. Lack of registration and parental reluctance to send their children (especially girls) to school, segregation and substandard teaching are additional factors recognised in many reports ⁽⁴⁾. Tools to strengthen school attendance, overcoming segregation are essential to break the cycle of generations of uneducated Roma. CCT (Conditional Cash Transfer) introduced in some countries is an option to encourage school attendance and should be accomplished by the need to prove that children are registered and have their birth certificate. School attendance can be expected in case children are integrated and provided with all the needed services and education methods to be able fulfilling the requirements (language, delays etc.). Free school meals (subject to means testing) and text books for all primary school children should be reintroduced. If education is to be a long term priority, governments should reconsider this.

Segregation in education arises in the first instance from the geographical separation of Roma settlement areas from the majority population. In addition, non-Roma will often remove their children from schools if the percentage of Roma children in a class gets too high, which in turn leads to the creation of segregated schools or classes for Roma children. For a variety of reasons, these schools do not meet the required standards, which in turn results in perfectly capable Roma children being channelled into special schools and usually excluded from the possibility of continuing their education.

A particular problem is the placing of Roma children in special schools for children with learning difficulties. This is often done through discriminatory school admission tests, but sometimes also through spurious incentives, such as free transport or school meals. The practice of unwarranted placement in special schools is a blatant contravention of fundamental rights and must be opposed with all legal and administrative means.

It must also be said here that one reason for failure to attend school is poverty, since parents either cannot (or will not) pay the costs involved or they set their children to work either helping to support the family or looking after younger siblings. Girls are especially affected by this.

⁽⁴⁾ 40 % of Roma children do not attend school (compared with 0.5 % of the majority population) and 38 % drop out (compared with 4 % in the majority population). Girls are at an even greater disadvantage, with only one in three finishing primary education (compared with 19 out of 20 in the majority population).

Only 8 % of Roma children complete secondary education (compared with 64 % in the majority population) and less than 0.5 % embark upon tertiary education (data on completion of tertiary education are not available). Source: UNDP.

3.1.4 Adulthood

3.1.4.1 **Housing** is marked by poor living conditions and continued segregation. Slum facilities which are of poor infrastructure or maintenance, lacking in utility resources and containing high environmental and sanitation pollution, provide the occupants with no property rights and do not give them a permanent address for which to register their rights to welfare benefits or employment or rights to education, employment and health provision. Many of these issues result from societal discrimination and 'anti-gypsism'. It is worth mentioning that their nomadic lifestyle is the consequence rather than the cause of their exclusion. Although the overwhelming majority of Roma are now settled, the choice of a nomadic existence is still often cited in attempting to explain their exclusion.

3.1.4.2 **Education** is one of the most fundamental investments in the future. The high illiteracy rate and the low level of Roma education generally bode ill for the future. Member States need to ensure their education systems do not discriminate against Roma, and additionally allow for adult programmes towards literacy, numeracy and life long learning.

It is inordinately difficult for Roma to reach higher levels of education and get good vocational training. As well as efforts to integrate them into the normal education and training system, Member States should also make use of models that recognise informally acquired skills and be much more generous in recognising qualifications attained outside the country.

The integrated language education policy introduced by the Commission, one of whose aims is to promote the learning of minority languages, should also be enlisted to benefit the Roma.

3.1.4.3 **Economic integration** requires members of minorities to surmount a series of hurdles that often reinforce one another ⁽³⁾. Having no or very low educational or training qualifications or inadequate or unrecognised qualifications automatically discriminates against the individual, whilst additional anti-gypsism doubles the obstacles. Dozens of documented cases prove that unemployment of Roma is often due to racial discrimination. Members of minority communities have practically no access to measures promoting lifelong learning.

The average Roma is very much capable of thinking and acting entrepreneurially; ways and means can therefore be found to bring Roma out of the shadow economy and to enable them to participate in regular economic activity, for example by means

of microcredits and business start-up and support mechanisms, in order to overcome the challenges and barriers.

Many Roma household incomes are highly dependent on welfare payments and other government transfers (e.g. pensions or child benefit), while participation in the formal economy is relatively limited. This makes Roma participation in social protection systems asymmetrical (i.e. as a group they receive more than they pay). This asymmetry is an important cause of social tensions and prejudice and ultimately exclusion.

Additional resources could be provided to make official work more attractive, following the principle of 'positive benefits for positive efforts'. Otherwise, a major systemic source of racial exclusion will persist. Welfare to work programmes could be introduced in partnership with both public and private sector organisations

Discrimination in the workplace, and during the application process, is well documented and legislative measures must be enforced against this practice. However, access to relevant vocational training so that Roma can move from unskilled or semi skilled needs to be identified to create a total culture change.

3.1.4.4 **Healthcare:** The low standard of living (lack of income) and the poor living conditions (dirt, low quality sanitation, lack of clean water) constitute a severe health risk. Access to health services in Roma settlements is restricted, particularly as most were not registered at birth and therefore remain unregistered in the health system. Where admission is made to a mainstream facility it can very often be within a segregated ward, this is discrimination. Access to quality services is a basic right for all European citizens.

3.1.4.5 As a rule, **Roma women** have a low status in the family hierarchy, poor or no schooling and consequently poor employment opportunities. They often marry young and are frequently pregnant. Domestic violence, which very often goes unreported, should also not be underestimated. It is particularly disturbing that this is now compounded by prostitution and human trafficking.

However it is important to recognise that whilst not always apparent to non-Roma, Roma women are also the engine of change within the community, especially towards capacity building and cultural change, such as highlighting the importance of education of their children especially girls. Involvement of, and the assumption of responsibility by, mothers in parents' associations has a very positive impact on children's schooling.

⁽³⁾ The High Level Advisory Group of Experts on the social integration of ethnic minorities and their full labour market inclusion presented its report 'Ethnic Minorities in the Labour Market' in December 2007. It lists the most important obstacles to access to the labour market. (http://ec.europa.eu/employment_social/fundamental_rights/pdf/hlg/etmin_en.pdf).

3.1.4.6 Societal discrimination and Anti gypsism in the form of stereotyping and prejudice facing minority communities, especially Roma, is deep rooted and stem from generations of ignorance and cultural difference. The prejudice that these communities are of less value to society is widespread, which only leads to further isolation, poverty, violence and finally exclusion.

3.2 Roma — A life of integration

3.2.1 Integration is not a one-way street, but a process that goes in two directions and demands efforts from both the minorities and the majority. Fearful of having to give up their principles, traditions and identity in the course of integration, many Roma harbour great reservations when it comes to integration measures. Likewise the inherent discrimination over generations makes it difficult for non-Roma to put their prejudices to one side and welcome the Roma culture.

3.2.2 On the other hand, 40 % of Roma do not live in poverty, but in — albeit sometimes only modest — prosperity. These may not be the most visible Roma, but they are proof that Roma are in essence able to integrate into the society in which they live without renouncing their identity.

3.2.3 Numerous documentation from Roma organisations to increase visibility, active participation in society and awareness-raising have been produced as a progressive way forward ⁽⁶⁾. More can be done by investing in the communities where commitments, ownership and responsibility are made part of the contract. The use of micro credit systems, traditionally used for entrepreneurship, could be used as funding levers to support infrastructure or learning systems. Funding could be given in small amounts in return for honoured commitment such as sending children to school or regular health visits ⁽⁷⁾.

3.2.4 The equal participation of minorities in society presupposes effective, durable and tailored measures. While these should be targeted, they should not exclude other groups. They need the will of politicians, business and society as a whole to simultaneously apply the principle of non-discrimination, promote equal opportunities and manage diversity. Here the European Structural funds could be used to support programmes.

⁽⁶⁾ For example: <http://www.soros.org/initiatives/roma>, http://www.romeurope.org/?page_id=14, <http://www.romnews.com/community/index.php>, <http://www.enar-eu.org/>, http://www.unionromani.org/union_in.htm, <http://www.romanicroiss.org/>, <http://www.erionet.org/>, <http://www.grtleeds.co.uk/index.html>, <http://www.etudestsiganes.asso.fr/>, <http://www.fnasat.asso.fr/>, <http://romove.radio.cz/en/>, <http://www.spolu.nl/index.html>.

⁽⁷⁾ Nobel Prize 2006 Muhammad Yunus. The Bangladesh model of Grameen Bank could be adapted for Roma communities.

Every effort must be made to dismantle the reservations and prejudices of Roma and non-Roma alike, by not only taking the — necessary — practical steps, but also — with the help of leaders and mediators on both sides — working out common strategies for the future. Role models from the Roma communities have a particular part to play here.

4. The Roma and Europe

4.1 The European Commission

4.1.1 The Commission has long been engaged in helping to solve the problem of integration. The establishment of a Commission inter-services group for Roma issues a few years ago improved the flow of information between different Commission services and achieved a certain measure of coordination between the numerous areas of activity.

4.1.2 The High Level Group on the Social Integration of Ethnic Minorities set up by the Commission in January 2006 produced its — critical — report in December 2007 ⁽⁸⁾, which includes recommendations for 'policies to improve the situation of Roma in terms of education, employment, health and housing'. The group of experts made it clear in its report that only the right policy mix, coupled with a pragmatic approach, could bring lasting solutions.

4.1.3 The **European Union Agency for Fundamental Rights** deals with this issue in depth ⁽⁹⁾. Mention should also be made of the wide-ranging studies, reports and events of its predecessor, the **European Monitoring Centre on Racism and Xenophobia**.

4.2 The European Parliament

4.2.1 The European Parliament has long been vigorous in its cross-party work on minority issues, the integration of Roma and combating their discrimination. Thus a number of reports and resolutions on this issue have already been adopted, the most recent on 31 January 2008 ⁽¹⁰⁾.

⁽⁸⁾ 'In spite of many programmes and initiatives targeted at Roma, change has been slow and results have been worse than anticipated, mainly due to structural problems. It needs to be underlined that, although equality mainstreaming should be a strategic goal in the EU and the Member States, specific and targeted action for Roma inclusion is needed.' (see footnote No 6).

⁽⁹⁾ 'Roma and Travellers in Public Education', EUMC/FRA, 2006 (http://fra.europa.eu/fra/material/pub/ROMA/roma_report.pdf).

⁽¹⁰⁾ Resolution adopted by the European Parliament on 31.1.2008 on a European Strategy on the Roma, point 6: 'Urges the European Commission to develop a European Framework Strategy on Roma Inclusion aimed at providing policy coherence at EU level as regards the social inclusion of Roma and urges the Commission at the same time to comprehensively shape a Community Action Plan on Roma Inclusion with the task of providing financial support for realising the objective of the European Framework Strategy on Roma Inclusion.' (<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P6-TA-2008-0035+0+DOC+XML+V0//FR&language=FR>).

4.3 The Council

4.3.1 The European Council most recently addressed this issue on 14 December 2007 in connection with the European Year of Equal Opportunities ⁽¹¹⁾.

4.4 The Council of Europe and OSCE

Both organisations have contributed in numerous areas to improving the situation and are continuing their work through measures specially targeted at Roma. Of particular importance for the protection of minorities (and therefore the Roma) is the CoE Framework Convention for the Protection of National Minorities and the European Charter for Regional or Minority Languages. The Dosta! Campaign also is an excellent positive example to raise awareness among the majority population about prejudices and negative stereotypes.

4.5 The **European Court of Human Rights** has delivered a series of breakthrough judgments creating important cornerstones for the implementation of Roma rights ⁽¹²⁾.

4.6 The **United Nations** has been promoting the integration or Roma for years, especially within UNDP, UNICEF and UNESCO.

4.7 Organised civil society

4.7.1 The Open Society Institute, supported by the World Bank, has initiated the Decade of Roma Inclusion 2005-2015 ⁽¹³⁾.

4.7.2 The recently established **EU Roma Policy Coalition (ERPC)** ⁽¹⁴⁾ has pledged itself to the principle of inclusion through participation and 'aims to promote the participation of Roma in all relevant processes'.

⁽¹¹⁾ Presidency conclusions, § 50. In this connection, the European Council, which is conscious of the very specific situation faced by the Roma across the Union, invites Member States and the Union to use all means to improve their inclusion. To this end, it invites the Commission to examine existing policies and instruments and to report to the Council on progress achieved before the end of June 2008.

(http://www.consilium.europa.eu/cms3_fo/showPage.asp?id=432&lang=fr&mode=g).

⁽¹²⁾ (<http://cmiskp.echr.coe.int/tkp197/portal.asp?sessionId=7828574&skin=hudoc-en&action=request>).

⁽¹³⁾ The concept of the 'Decade for Inclusion of Roma 2005-2015' was adopted at the June 2003 conference on 'Roma in an expanding Europe — Challenges for the Future' with the active collaboration of the Commission. The participating countries (the Czech Republic, Slovakia, Hungary, Croatia, Romania, Bulgaria, Serbia, Macedonia and Montenegro) adopted action plans which included proposals for reaching the four main goals — education, employment, health and housing. A Roma Education Fund was also set up at the conference. A Roma Education Fund was also set up at this conference. (<http://www.romadecade.org/>) (<http://romaeducationfund.hu/>).

⁽¹⁴⁾ Members: Amnesty International (AI), European Roma Rights Centre (ERRC), European Roma Information Office (ERIO), European Network against Racism (ENAR), Open Society Institute (OSI), Spolu International Foundation (SPOLU), Minority Rights Group International (MRGI) and the European Roma Grassroots Organisation (ERGO). (<http://www.romadecade.org/portal/downloads/News/Towards%20an%20EU%20Roma%20Policy%20ERPC%20-%20Final.pdf>).

4.7.3 The **European Roma and Travellers Forum (ERTF)** ⁽¹⁵⁾ merits particular mention: it was set up at the initiative of Finnish president Tarja Halonen and has a partnership agreement with the Council of Europe which gives it a privileged status vis-à-vis this organisation and enables it to take part in its work.

4.7.4 Since one of the priority areas of Roma integration — employment — falls particularly within their remit, the **social partners** also have an important part to play on this front. The experience of the European Trade Union Confederation (ETUC), as well as of national trade unions and European and national employers' organisations, can be important elements in the process to be initiated.

5. Conclusion

5.1 The realisation that the all efforts so far to include Roma and to enforce their rights have proved inadequate is a recurring theme through all work in this area.

5.2 The necessary measures lay both within the competence of the Union as well within the competence of the Member States. In line with Article 13 of the Amsterdam Treaty, non-discrimination directives were passed in 2000 and these provide an important impetus and an institutional framework for addressing the discrimination against Roma. The Commission should explore how Community legislation can be expanded in order to address the situation of the Roma, such as through adoption of a Desegregation Directive. Furthermore the integration of Roma should be a priority in the use of structural funds.

5.3 Where the competence for issues affecting the Roma lies within the competence of Member State; a possible and effective approach to a solution was found in the 1990s with the **Open Method of Coordination (OMC)** ⁽¹⁶⁾. The Committee proposes, therefore, building on the OMC and extending it to minority issues, especially the integration of Roma. As a first step, we suggest that the situation of the Roma be considered in the different existing processes of the OMC (particularly employment, social inclusion and education). The OMC and its tools can be shared between Member States to assess best practice models, whilst additionally reviewing global models or grass roots community based projects. For those projects to be successful and sustainable they must be cross sectorial and building action plans with all interested parties (particularly the Roma organisations). Those action plans must have commitments, activities, evaluations, feedback and dissemination mechanisms, supported by adequate funding, including via the

⁽¹⁵⁾ European Roma and Travellers Forum. (<http://www.ertf.org/en/index.html>).

⁽¹⁶⁾ The Lisbon European Council applied the Open Method of Coordination to the Lisbon process in the areas of employment, social protection, child rearing and education, enterprise policy, innovations policy and research, as well as structural economic reform. The Gothenburg European Council extended its scope to immigration and asylum. OMC has since been extended to the area of youth issues. In its Communication on a European agenda for culture in a globalizing world ((COM)2007 242 final), the European Commission proposed applying OMC to the area of culture. In so doing, it expressly stipulated that the European Parliament, the European Economic and Social Committee and the Committee of the Regions should be involved in the process.

Structural Funds. The Committee is convinced that the OMC is an ideally suited and effective approach to many legal, social and historically emotionally charged issues related to minorities, especially Roma concerns.

5.4 The success of these initiatives will depend crucially on whether a functioning network of cooperation between **all** the players can be established. The Committee has on many occasions demonstrated its added value as the bridge to organised civil society ⁽¹⁷⁾ and will contribute through institutionalised, and therefore sustainable, cooperation to tackling the integration of minorities, especially the Roma.

5.5 The High Level Conference on Roma Inclusion planned for September by the Commission would be an appropriate context for public discussion of its proposals for improving the efficiency of EU and national policies and for the first concrete steps in this process.

On this occasion, the Committee could present the concrete measures planned as a follow-up to this opinion. Thought should also be given to modes of cooperation with the media that pursue long-term goals and go beyond merely reporting on incidents as they happen.

6. Final comments

6.1 The Committee initially began its work with reference to the year of Equal Opportunities, but then — in agreement with

the Commission — adapted it to the context of the Year of Intercultural Dialogue.

Culture, as the Committee understands it, is a process that impacts on all areas of life, a proclamation of shared values, a shared way of life, and an essential means of communication as part of any effort towards better integration in all areas, as it combines rationality with feelings and thus offers a holistic approach to solving problems that need to be addressed. This social dimension of culture helps to make intercultural dialogue an instrument of peace and stability both internally and externally. In terms of minorities, but particularly the Roma, this means that the intercultural dialogue is the best means to gradually do away with the stereotypes of mistrust, prejudice and lack of understanding that have grown up over centuries and to find together in an atmosphere of mutual respect a form of integration acceptable to both sides, underpinned by a strong legislative framework.

6.2 The Committee hopes that the first concrete steps towards implementing its proposals will be taken before the Year of Intercultural Dialogue is over, with further steps following in the course of 2009, the European Year of Creativity and Innovation and also 2010, the European Year for Combating Poverty and Social Exclusion.

Brussels, 9 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

⁽¹⁷⁾ See the work of the Consultative Commission on Industrial Change (CCMI), the Lisbon Group and the Liaison Group between the European Economic and Social Committee and European civil society organisations and networks.

Opinion of the European Economic and Social Committee on the 'Elements for the structure, organisation and functioning of a platform for the greater involvement of civil society in the EU-level promotion of policies for the integration of third-country nationals'

(2009/C 27/21)

In a letter dated 24 July 2007, Ms Margot Wallström and Mr Franco Frattini, Vice-Presidents of the European Commission, asked the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, to draw up an exploratory opinion on the

Elements for the structure, organisation and functioning of a platform for the greater involvement of civil society in the EU-level promotion of policies for the integration of third-country nationals.

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 10 June 2008. The rapporteur was Mr Pariza Castaños.

At its 446th plenary session, held on 9 and 10 July 2008 (meeting of 9 July), the European Economic and Social Committee adopted the following opinion by 136 votes to four, with seven abstentions.

1. Introduction

1.1 The European Commission, in the person of the Vice-Presidents Franco Frattini and Margot Wallström, asked the EESC to draw up an exploratory opinion on the '*elements for the structure, organisation and functioning of a platform for the greater involvement of civil society in the EU-level promotion of policies for the integration of third-country nationals*'.

1.2 The EESC has drawn up a number of opinions in recent years⁽¹⁾ emphasising that integration is a crucial aspect of European immigration and asylum policies and has worked very actively with the Commission, Parliament and Council to promote these policies.

1.3 The Committee has promoted the involvement of civil society organisations in drawing up these opinions because these organisations are key stakeholders in integration policies. As long ago as 2002, the EESC and the European Commission invited Member State social partners and civil society organisations to attend a major conference⁽²⁾, which gave an initial boost to a common approach to European integration policies: the conference's conclusions proposed drawing up a Community integration programme and establishing a fund to finance the aims agreed on.

⁽¹⁾ EESC opinion of 21.3.2002 on 'Immigration, integration and the role of civil society organisations', rapporteur: Mr Pariza Castaños (OJ C 125, 27.5.2002).

EESC opinion of 10/11.12.2003 on the 'Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions on immigration, integration and employment', rapporteur: Mr Pariza Castaños (OJ C 80, 30.3.2004).

EESC opinion of 13/14.9.2006 on 'Immigration in the EU and integration policies: cooperation between regional and local governments and civil society organisations', rapporteur: Mr Pariza Castaños (OJ C 318, 23.12.2006).

⁽²⁾ Conference on 'Immigration: The role of civil society in integration', Brussels, 9 and 10 September 2002.

2. The European Framework for the integration of third-country nationals

2.1 In its opinion on 'Immigration, Integration and the Role of Civil Society' of 21 March 2002⁽³⁾, the EESC highlighted the need to develop clear and effective integration policies as part of an EU framework programme. Although the process of establishing a common framework for integrating immigrants has not been entirely free of problems, the European Union (EU) will, when the Lisbon Treaty is ratified, have better political and legal instruments necessary to implement this framework.

2.2 The Hague programme⁽⁴⁾, aimed at strengthening the EU's area of freedom, security and justice, stated that integrating third-country nationals is a key political strategy for consolidating freedom in the EU in the 2005-2009 period⁽⁵⁾.

2.3 The European Council stated the need to improve coordination between national integration policies and EU initiatives; this is being done by means of the Common Basic Principles (CBPs), which form a common framework for the integration of immigrants, adopted by the Justice and Home Affairs Council of 19 November 2004⁽⁶⁾. This need for coordination was also

⁽³⁾ EESC opinion of 21.3.2002 on 'Immigration, integration and the role of civil society organisations', rapporteur: Mr Pariza Castaños (OJ C 125, 27.5.2002).

⁽⁴⁾ European Council, 'The Hague Programme: strengthening freedom, security and justice in the European Union' (OJ C 53, 3.3.2005, p. 1).

⁽⁵⁾ EESC opinion of 15.12.2005 on the 'Communication from the Commission to the Council and the European Parliament: The Hague Programme: Ten priorities for the next five years — The Partnership for European renewal in the field of Freedom, Security and Justice', rapporteur: Mr Pariza Castaños (OJ C 65, 17.3.2006).

⁽⁶⁾ Council of the European Union, Session No 2618 of the Justice and Home Affairs Council, Brussels, 19 November 2004, 14615/04.

confirmed by the European Commission in its communication entitled *'The Hague Programme: ten priorities for the next five years'* ⁽⁷⁾, which referred to the need to establish a European framework for integration based on the CBPs that guarantees respect for the EU's basic rights and values, and upholds the principle of non-discrimination.

2.4 The CBPs provide a coherent approach for the European concept of the integration of third-country nationals, based on the aim of 'civic integration', which, as the Committee proposed ⁽⁸⁾ consists of 'bringing immigrants' rights and duties, as well as access to goods, services and means of civic participation progressively into line with those of the rest of the population, under conditions of equal opportunities and treatment'. The CBPs represent a two-way process, because integration involves adaptation and responsibility on the part of both immigrants and host communities.

2.5 In its communication of 1 September 2005 on 'A Common Agenda for Integration: Framework for the Integration of Third-Country Nationals in the European Union' ⁽⁹⁾, the European Commission put forward practical measures aimed at enforcing and strengthening the implementation of CBPs at both the national and EU level. The Commission also acknowledged the need to ensure that all parties concerned are involved in making integration a success and in adopting a global and coherent approach under the EU framework.

2.6 To this end, it proposed initiatives, in conjunction with the network of National Contact Points, including an Internet site, producing handbooks, the annual reports on migration and integration, and a **European Integration Forum**.

2.7 The conclusions of the June 2007 European Council state that: *'The European Council likewise welcomes the efforts that have been made in order to improve the continued and deepened cooperation at EU level and between Member States in the area of integration and intercultural dialogue. The European Council welcomes, in particular, the Council conclusions of 12 June on the strengthening of integration policies in the EU by promoting unity in diversity. It emphasises the importance of further initiatives to facilitate the exchange of experience on integration policies of the Member States'* ⁽¹⁰⁾.

2.8 The EESC shares the holistic approach put forward recently by the European Council, because integration and

intercultural dialogue must be key components of the EU's immigration policy.

2.9 The complementary and indissoluble link between integration and immigration was acknowledged in the conclusions of the Justice and Home Affairs Council of 12 and 13 June 2007 ⁽¹¹⁾. Adopting the recommendations made at the informal meeting of ministers responsible for integration in Potsdam on 10 and 11 May, which the EESC attended, the Council highlighted the need for a political review of the scope of new measures aimed at strengthening the European framework for integration and the Member States' integration policies.

2.10 Civil society organisations and the social partners have a particularly important role to play in ensuring the coherence and effectiveness of the social processes of integrating immigrants, in defining policies in the EU and in evaluating these policies. In its opinion on *'Immigration in the EU and integration policies: cooperation between regional and local governments and civil society organisations'* of 13 September 2006 ⁽¹²⁾, the EESC considered that active cooperation with civil society and the social partners was a key aspect of promoting European integration policies. In particular, the EESC emphasised the importance of the role played by the social partners, human rights organisations, immigrants' organisations, cultural and sports associations, faith communities, neighbourhood associations, educational communities, schools and universities, the media, etc. in the integration processes at the national, regional and local levels. The EESC also highlighted the need to promote the development, consolidation and recognition of these organisations at European level when overhauling the EU's framework for the integration of immigrants.

2.11 Establishing reception and integration policies and programmes for immigrants should go hand in hand with the widespread participation and direct involvement of social organisations and immigrant associations. This approach was also confirmed in the Third Annual Report on Migration and Integration, published by the European Commission on 11 September 2007 ⁽¹³⁾. The Annual Report reiterates the initiative to establish a **European Integration Forum**, in which stakeholders working in the field of integration in the EU can exchange experiences and make recommendations ⁽¹⁴⁾.

2.12 Promoting integration policies and exchanging experiences will also be greatly assisted by the adoption of a sound and ambitious financial framework. As part of the programme entitled 'Solidarity and management of migration

⁽⁷⁾ Commission Communication, *The Hague Programme: Ten priorities for the next five years* The Partnership for European renewal in the field of Freedom, Security and Justice, COM(2005) 184 final, Brussels, 10.5.2005.

⁽⁸⁾ EESC opinion of 21.3.2002 on 'Immigration, integration and the role of civil society organisations', rapporteur: Mr Pariza Castaños (OJ C 125, 27.5.2002).

⁽⁹⁾ A Common Agenda for Integration: Framework for the Integration of Third-Country Nationals in the European Union, COM(2005) 389 final, Brussels, 1.9.2005.

⁽¹⁰⁾ http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressdata/en/ec/94932.pdf, point 20.

⁽¹¹⁾ Council of the European Union, Session No 2807 of the Justice and Home Affairs Council, 12 and 13 June 2007, 10267/07.

⁽¹²⁾ EESC opinion of 13/14.9.2006 on 'Immigration in the EU and integration policies: cooperation between regional and local governments and civil society organisations', rapporteur: Mr Pariza Castaños (OJ C 318, 23.12.2006).

⁽¹³⁾ Commission communication: Third Annual Report on Migration and Integration, COM(2007) 512 final, Brussels, 11.9.2007.

⁽¹⁴⁾ See the communication COM(2007) 512 final, point 3.1.

flows 2007-2013', the European Fund for the Integration of Third-country Nationals ⁽¹⁵⁾ will help to develop national policies based on the CBPs and produce a new EU policy on the integration of immigrants.

2.13 The Reform Treaty adopted in Lisbon on 18 October 2007 (the 'Lisbon Treaty') also acknowledged that establishing a common European policy for integrating immigrants is a key policy for the EU. As a consequence of Title V of the Treaty on the Functioning of the Union (TFU), the European Union will for the first time have a legal base (Article 63 a4, the new Article 79.4) on which to develop common legislative measures to encourage and support the work of the Member States to integrate third-country nationals ⁽¹⁶⁾.

3. EESC proposal to establish the European Integration Forum

3.1 The EESC considers that the coherence of the EU's policies needs to be improved, given that a number of instruments are already in place, including the Common Agenda for Integration, the European Integration Fund, the National Contact Points on Integration, the Handbooks on Integration, the Annual Reports on Migration and Integration, the website, etc. The Committee considers that it would be useful to revive the debate on the open method of coordination. The European Commission should propose that the Council make use of the open method of coordination on integration, which the Council rejected a few years ago.

3.2 In order to improve the coherence of this policy and its instruments, a **platform for civil society participation** should be put in place. The EESC therefore welcomes and feels honoured by the European Commission's request for an exploratory opinion.

3.3 Bearing in mind other existing platforms (for other EU policies) and the different national experiences, the Committee proposes that the European platform be known as the **European Integration Forum** (the name adopted by the European Commission ⁽¹⁷⁾).

3.4 The Committee considers that the Forum should be set up gradually. Its first meeting should be held in the autumn of 2008 to draw up its work programme and finalise its structure.

⁽¹⁵⁾ http://ec.europa.eu/justice_home/funding/integration/funding_integration_en.htm.

⁽¹⁶⁾ Article 63.a.4: 'The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, may establish measures to provide incentives and support for the action of Member States with a view to promoting the integration of third-country nationals residing legally in their territories, excluding any harmonisation of the laws and regulations of the Member States'.

⁽¹⁷⁾ COM(2005) 389 final.

3.5 The tasks of the European Integration Forum

3.5.1 In a number of opinions ⁽¹⁸⁾, the EESC has stated the need for a holistic approach to integration, requiring the involvement of all players concerned, especially the social partners and organised civil society.

3.5.2 In its communication on the Common Agenda for Integration ⁽¹⁹⁾ the Commission considers that the Forum's main tasks could be 'consultation, exchange of expertise and drawing up recommendations'.

3.5.3 The Committee agrees and considers that these tasks could be fulfilled by drawing up reports (which could include guidelines) on integration policies.

3.5.4 The Commission, Parliament and the Council could consult the Forum on European integration policies.

3.5.5 The Forum could draw up own-initiative reports for the EU institutions in order to improve the integration of third-country nationals.

3.5.6 Exchanging technical know-how and good practice should be one of the Forum's main tasks, to be carried out in cooperation with the network of National Contact Points.

3.5.7 The Forum could contribute to the Conferences on the Handbook on Integration and to National Contact Point meetings.

3.5.8 The Forum's activities, reports and conclusions will be published on the EESC website and on the Commission's dedicated website for integration, which will enable European citizens and third-country nationals to become involved (a virtual forum).

3.6 Membership of the Forum

3.6.1 The Forum will have a maximum of 100 members and will meet twice a year.

3.6.2 The Commission considers that 'Its added value would be to assemble a range of stakeholders active in the area of integration at EU level; [...] for example, EU umbrella organisations having a membership across a number of Member States ⁽²⁰⁾'. The EESC shares the Commission's view and considers that labour integration with equal treatment is a priority, and it is therefore important that the social partners also have a place in the Forum.

⁽¹⁸⁾ Opinions of the European Economic and Social Committee of 21.3.2002 on 'Immigration, integration and the role of civil society organisations', rapporteur: Mr Pariza Castaños (OJ C 125, 27.5.2002) and of 13 and 14.9.2006 on 'Immigration in the EU and integration policies: cooperation between regional and local governments and civil society organisations', rapporteur: Mr Pariza Castaños (OJ C 318, 23.12.2006).

⁽¹⁹⁾ COM(2005) 389 final.

⁽²⁰⁾ COM(2005) 389 final.

3.6.3 It is crucial that the Forum's work adopt a European approach, based on national experiences and practice. The EESC therefore proposes that the Forum's members include representatives of organisations working at both the EU and national levels.

3.6.4 One-third of the Forum's members will represent EU organisations which work in the field of immigrant integration, and this could include the social partners.

3.6.5 The remaining participants will come from consultative bodies from the Member States (with each Member State sending between one and four representatives). In this way, the forums, platforms, councils and similar institutions that exist in the Member States — especially those involving immigrant organisations — will also be represented in the European Forum. In those Member States where no such organisations exist, the economic and social councils (or similar institutions) could have a place in the Forum.

3.6.6 The EESC considers that immigrants' organisations, most of which are organised on national lines and do not have European networks, must be encouraged to become involved in the European Integration Forum; the Member State forums, platforms, councils or ESCs should, therefore, nominate delegates from the most representative immigrants' organisations.

3.7 When nominating participants, organisations should take account of the gender balance.

3.7.1 The Forum could invite observers and experts, in particular from the specialist European agencies, as well as academics and researchers and European local authority networks, to attend its meetings.

3.7.2 In order to promote the broadest possible participation, the European Integration Forum should network with civil society organisations (at the local, regional, national and European levels).

3.7.3 The EESC will take part in the Forum's meetings, as set out in point 3.8; representatives of the Commission, the European Parliament and the Committee of the Regions could also take part.

3.8 *The EESC's commitment*

3.8.1 The Committee will be highly committed to the Forum's activities and to this end will set up a permanent 15-member study group on integration within the SOC Section. Through this permanent group, the Forum will work together with the EESC on drawing up opinions.

3.8.2 The members of the permanent study group will take part in the Forum's plenary meetings.

3.8.3 Bearing in mind the new legal base that is the Lisbon Treaty, the EESC will draw up new opinions containing proposals and political recommendations to encourage and support Member States' action in the field of integration.

3.9 *Structure of the Forum*

3.9.1 The EESC proposes that the Forum adopt a very simple structure:

- A president, appointed by the EESC in agreement with the Commission.
- Three vice-presidents appointed by the Forum.
- The president and the three vice-presidents will constitute the Forum's Bureau, which will meet at least four times per year.
- A small secretariat (of 2 people) from the EESC.
- The Forum will meet in the EESC building, where it will be based.
- The Forum's plenary will meet twice a year, when convened by the president.
- For drawing up reports, small study groups could be set up.

3.10 *The Forum's Agenda*

3.10.1 The Common Basic Principles will provide the roadmap for the Forum's activities and consequently its agenda.

3.10.2 The work agenda will be drawn up by the Forum's Bureau, taking account of the agendas of the EU institutions and civil society organisations.

3.10.3 The Forum could assess the objectives and programmes of the European Integration Fund, as well as the other instruments provided for under European integration policy.

3.11 *Rules of Procedure*

3.11.1 The EESC proposes that the European Commission approve the Forum's Rules of Procedure, at the proposal of the EESC.

3.11.2 The EESC proposes that the European Commission, at the proposal of the EESC, appoint the Forum's members.

3.12 *Financial framework*

3.12.1 The Forum should be funded by economic resources provided by the EU institutions.

Brussels, 9 July 2008.

The president
of the European Economic and Social Committee
Dimitris DIMITRIADIS

Opinion of the European Economic and Social Committee on 'A new European Social Action Programme'

(2009/C 27/22)

On 25 October 2007, the European Economic and Social Committee received a referral from the future French Presidency on

A new European Social Action Programme.

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 10 June 2008. The rapporteur was Mr Olsson.

At its 446th plenary session, held on 9 and 10 July 2008 (meeting of 9 July 2008), the European Economic and Social Committee adopted the following opinion by 133 votes to 2, with 4 abstentions.

At the time of the adoption of this opinion, and in the light of the 12 June referendum on the Lisbon Treaty, the status and future of this Treaty need to be clarified. The opinion makes extensive reference to the Lisbon Treaty and of its social policy dimension and potential. The Committee believes that the case for an ambitious and participatory new European Social Action Programme remains relevant and even more necessary.

1. Conclusions and recommendations

1.1 A new European Social Action Programme is needed so that EU social developments can keep pace with economic and market developments. It is opportune in the light of the new Lisbon Treaty, which creates new possibilities, responsibilities and objectives, to relaunch a more participatory and dynamic Social Europe. The new ESAP should promote, in tangible and practical ways, EU social policy goals and ambitions well beyond 2010 and be a comprehensive policy roadmap of action.

1.2 Social dialogue remains one of the main pillars and be reinforced. The programme should reconnect with citizens and organised civil society, enabling 'bottom-up' participatory procedures, also including civil dialogue, to inter-act with EU initiatives.

1.3 The programme should specifically address policy areas such as quality of life, fundamental social rights, empowering people, social solidarity, employment and work of high quality, societal entrepreneurship, management of change, promotion of core social standards in EU external relations, especially in the area of trade. All instruments and tools available should be used. While the Community method should be maintained, it must be supplemented by other 'new methods'. Financial resources in the existing budget can be reallocated to support the programme. The budgetary reform after 2013 must focus social cohesion.

2. Introduction — background

2.1 The upcoming French EU Presidency has referred the idea of a European social action programme to the European Economic and Social Committee.

2.2 The French referral can be seen as a follow up to the Committee's earlier opinion on *Stocktaking European social realities* which proposed that 'in order to build the basis of a new consensus on social challenges facing Europe, a new "social action programme" may be outlined, taking into account both economic realities and social expectations' ⁽¹⁾.

2.3 The above opinion referred to the 1989 *European social action programme* which formed an integral part of what can be identified as the *European social model* and demonstrated the reality of the *social dimension* of the single internal market. It was a 3-year programme of action, the 'central support for the Commission's initiatives in the social sphere' with 45 clear measures considered 'imperative to move forward in order to give tangible expression at Community level to the principles set out in the Community Charter of Fundamental Social Rights for Workers' ⁽²⁾. The measures were legislative and non-legislative covering Community action in almost all social fields in order to achieve the Treaty objectives of 'improved living and working conditions'.

2.4 The European social acquis achieved as a result of the 1989 Social Action Programme has not kept pace with the current-day economic and social challenges posed by globalisation, climate change and demographic development. These challenges have become even more acute by the slow down in economic growth, financial turmoil and the looming food crisis. There is even a sense among some groups and citizens of European social policy stalemate when compared to the progress of internal market policies.

⁽¹⁾ EESC opinion of 18.1.2007 on 'Taking stock of the reality of European society today', rapporteur: Mr Olsson (OJ C 93 of 27.4.2007), point 5.8.

⁽²⁾ From the Charter to the Programme, Social Europe 1/90, page 28.

2.5 The social stocktaking demonstrated that an affluent and rapidly changing European society is providing more opportunities, but new social risks are emerging. Issues such as differing incomes and equal opportunities, changes in the labour market, gender equality and pay gaps, child poverty and social exclusion, the 'generation fracture', changing family patterns and access to housing and child care, the situation of the disabled, migration and integration were high lighted in the stocktaking exercise.

3. A new framework for a European Social Action Programme

3.1 There is a growing awareness among politicians that new policy orientations in order to meet the challenges to the European Model of Society are indispensable. European citizens are looking towards new social policy actions that need to be socially progressive and economically sustainable.

3.2 The Lisbon Reform Treaty creates a new opportunity to realise a European Social Action Programme by giving EU new social objectives ⁽³⁾: 'full employment and social progress, combating exclusion and discrimination, promoting social justice and protection, equality between men and women, solidarity between generations and the protection of the child'.

3.3 The Reform Treaty strengthens the European Union's responsibilities to achieve those social objectives.

3.4 The opportunities for a more social Europe are in particular enshrined in the Charter of Fundamental Rights, in the mandatory provision of the 'transversal social clause' and in the Protocol on Services of General Interest. The Treaty also provides opportunities for 'enhanced cooperation' which Member States can promote and make use of in the social field ⁽⁴⁾.

3.5 The Treaty confirms the role of the social partners to contribute to a Europe of economic and social advancement. With the provisions on participatory democracy it also provides new opportunities and additional instruments — for instance the 'citizens' initiative' — for involving citizens and their organisations in the building of a more social Europe. The EESC must play an active role in this respect.

3.6 The EESC would also like to refer to the declaration ⁽⁵⁾ of nine governments which stressed the need to strengthen the European social model as it has led to social progress and can take on the challenges of today. The declaration emphasised the responsibility of the European institutions to relaunch social Europe and make use of all the instruments at their disposal,

highlighting the social dialogue. 'EU-27 cannot just be a free trade zone but shall guarantee the necessary balance between economic freedom and social rights, so that the internal market could be regulated also at the social level'. In its external policies the Union should promote the values of its social model to achieve fair globalisation and decent work for all.

3.7 In short, a new European Social Action Programme is needed so that EU social developments can keep pace with economic and market developments, and help endorse the Lisbon Strategy and promote its social, economic and environmental aspects, moving forward together on these dossiers. It is also opportune, in the light of the new Lisbon Treaty to relaunch a more participatory and dynamic social Europe matching citizens' needs and expectations. This is why the European Social Action Programme must be fully integrated in a post-Lisbon strategy based on *jobs, growth, social cohesion and sustainability*, where the social dimension will be on equal footing with the economic dimension.

4. Principles and elements of a new European Social Action Programme

4.1 The new European Social Action Programme must be firmly based on the values and objectives of the European Union as set out in the Lisbon Treaty. It should be a framework reference for a democratic, solidarity-based, sustainable, socially inclusive and competitive *welfare area for all citizens of Europe* based on wider distribution of life chances which leaves no-one by the wayside and a major tool for guaranteeing the rights of citizens as enshrined in the 'Charter of Fundamental Rights'. The ESAP must be based upon positive cooperation between the Member States, not on a competitive 'race to the bottom' in terms of social rights, social protection and working conditions. The European Union will thus confirm its intentions regarding human rights, in order to guarantee them at the best level.

4.2 The European Social Action programme underpins a vision of a European Model of Society, which comprises at the same time both the concept of a Social Market Economy and the European Social Model. It responds to people's needs and aspirations, empowering citizens by giving them rights and responsibilities while promoting participatory democracy, identifying and mobilising actors within a reinforced social dialogue and an effective civil dialogue. The new European Social Action Programme should facilitate a creative and innovative approach to tackle new challenges and risks.

4.3 The new programme should be based on long-term social and societal perspectives and respond to new expectations and realities. This perspective of long-term sustainability should highlight measures for children and the young generation.

⁽³⁾ Article 2.

⁽⁴⁾ Title IV, Article 10.

⁽⁵⁾ Enhancing Social Europe, presented by the Labour Ministers of Belgium, Bulgaria, Greece, Spain, France, Italy, Cyprus, Luxembourg and Hungary:
<http://www.obreal.unibo.it/File.aspx?IdFile=816>.

4.4 The Programme must therefore up-date and re-assert the EU's social policy goals, proposals and ambitions well beyond 2010. It should be a comprehensive policy roadmap of action at all levels for a re-energised Social Europe, supported by regularly updated 'Social Agendas' ⁽⁶⁾ based on common values.

4.5 The ESAP goes hand in hand with a dynamic European social model ⁽⁷⁾. The strength of the model lies principally in its capacity to build on the common values inherent in a wide variety of situations to jointly establish instruments, procedures and action with legitimate participants, enabling real convergence in terms of progress. The EU's financing capacity is a determining factor for ensuring consistent development and enabling those countries which are structurally lagging behind to catch up.

4.6 The programme recognises that economic development and social progress are mutually enhancing and interdependent. Combining economic competitiveness with social justice and solidarity is the most appropriate way to promote the well-being of people in Europe. It could, subject to certain guarantees for beneficiaries, combine private and public initiatives also in order to find sustainable financial resources for an inclusive social welfare. Thereby it should also create a framework to guarantee that services of general interest are universal, accessible and of quality.

4.7 The new Social Action Programme should be supportive of socially responsible enterprise, fair competition and a level playing field enabling the internal market to prosper without being potentially undermined by 'social dumping'. In this context, it should also particularly focus on quality jobs for the future and the accompanying knowledge society that is needed.

4.8 To foster entrepreneurship in a broad sense, as defined by the Commission ⁽⁸⁾, will improve both economic and social performance ⁽⁹⁾. Plurality in enterprise must be safeguarded and promoted in order to take advantage of the specificities of small and medium enterprise and social economy enterprise and their contribution to the social dimension. European statutes for associations, foundations, mutuals and small enterprise are necessary for creating a level playing field between all economic actors.

⁽⁶⁾ Renewed Social Agenda was adopted by the Commission 2 July 2008 (COM(2008) 412 final).

⁽⁷⁾ See EESC opinion of 6.7.2006 on the 'European Social Model', rapporteur: Mr Ehnmark (OJ C 309 of 16.12.2006).

⁽⁸⁾ Commission definition: 'Entrepreneurship refers to an individual's ability to turn ideas into action. It includes creativity, innovation and risk-taking, as well as the ability to plan and manage projects in order to achieve objectives. This supports everyone in day-to-day life at home and in society, employees in being aware of the context of their work and being able to seize opportunities, and is a foundation for more specific skills and knowledge needed by entrepreneurs establishing social or commercial activity', see point 2.2 of the EESC opinion of 25 October 2007 on 'Entrepreneurship mindsets and the Lisbon Agenda', rapporteur: Ms Sharma, co-rapporteur: Mr Olsson (OJ C 44, 16.2.2008).

⁽⁹⁾ See above opinion.

4.9 An ESAP should be based on a comprehensive and coherent approach, also exploring the concept of social policy mainstreaming in other policy domains. It must become a natural part of macroeconomic policy, tax and competition policies, the strategy for sustainable development, industrial policy, territorial cohesion and the external dimension of the EU.

4.10 A new ESAP would enhance in a tangible way the new 'life chances' social vision for 21st century recently presented by the Commission ⁽¹⁰⁾. The Commission suggests a framework for EU policies and underlines that the agenda of 'opportunities, access and solidarity' requires long term investments in social and human capital. Such investments will increase economic performance and can also be justified from a sustainable development perspective. The Committee strongly supports this idea and considers that innovative ways to finance human and social capital must be secured both at EU level and in the Member States. The EU budget should be geared to this effect. The possibility of a European wide loan facility for social infrastructural development could also be explored.

4.11 The ESAP should also contribute to the achievement of a more equitable and balanced globalisation by promoting principles and values of its social model in EU external relations. Partnerships with third countries accompanied by increased technical and financial assistance should be offered to promote social and civil dialogues as well as employment and social welfare policies. Trading relations should be guided by respect for fundamental human and social human rights set out, for example, in ILO principles and norms ⁽¹¹⁾.

5. Multi level governance

5.1 The institutions of the European Union need to live up to their role of leadership and the obligations placed upon them under the Treaty to achieve social progress. A new European Social Action Programme is therefore opportune. In practice, all available instruments and measures foreseen in the Treaty ⁽¹²⁾ for this purpose should be used according to practicality and efficiency while acknowledging the requirements of subsidiarity and proportionality.

5.2 The 1989 European Social Action Programme, hand-in-hand with the 1992 Single Market project, both proved the worth of the 'Community method'. As this method is still valid for the on-going review of the internal market, the Committee thinks it should also be for a re-energised social dimension. There is, therefore, scope for legislative actions within an EU of 27.

⁽¹⁰⁾ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 'Opportunities, access and solidarity: towards a new social vision for 21st century Europe', COM(2007) 726 final.

⁽¹¹⁾ EESC opinion of 22.4.2008 on the 'New trade agreements negotiations — The EESC position'. Rapporteur: Mr Peel and co-rapporteur: Ms Pichenot. OJ C 211, 19.8.2008, p. 82.

⁽¹²⁾ Particularly Article 136 in the Lisbon Treaty.

5.3 At the same time can a rich and varied involvement of social partners and other civil society organisations at different levels help achieve a greater sense of 'ownership'. All concerned stakeholders must participate in order to make the European Social Action Programme relevant, tangible, practical and responsive to citizens. In this way, a proactive and 'bottom-up' approach, as described below, should interact with EU initiatives.

5.4 Citizens' needs, concerns and aspirations must be identified. The EU Commission initiative of stocktaking social realities can serve as one model and be organised on a more permanent basis also reaching the local level. Representative civil society organisations have a crucial role to channel the demands of citizens to the appropriate level, including Europe. They must systematically be involved in stocktakings and consultations launched by the EU Commission with the Committee playing its role as mediator.

5.5 In this context the EESC underlines the importance of organising a permanent debate at all levels to address future challenges and strategic choices in the area of social policies. The aim of the debate should be to contribute to a new progressive consensus on European social policy based on a shared commitment among all those involved.

5.6 Intersectorial, sectorial and transnational social dialogue remains one of the main pillars of the social model in Member States and at EU-level. Employers and trade unions have a key role in addressing social challenges as they are strong driving forces for the achievement of economic and social progress. Joint analysis reports and the priorities made by the European social partners will be essential elements of a framework of appropriate actions both at EU and national level ⁽¹³⁾.

5.7 The civil dialogue — to be clearly distinguished from the social dialogue — will be another main pillar in the future. To engage citizens and their organisations at all levels to build social Europe will be a real challenge.

5.8 Economic and Social Councils and similar bodies should be put in a position where they can be invited to become involved with their governments in all stages to shape and implement the European Social Action Programme.

5.9 Existing partnerships and dialogues in the area of social policies need to be strengthened in practice. Positive experience

and models of partnerships, from Member States as well as from the EU cohesion policy that have contributed to social welfare must be disseminated and possibly explored further.

5.10 The autonomy and the capacities of the social and economic actors need to be promoted and supported by adequate public measures in order to create an enabling environment which improves their ability to articulate the bottom-up perspective and identify key policy areas.

6. Key policy areas

6.1 A sustainable life course

— *Secure individual pathways by collective commitments.* Common principles to tackle transitions over the whole of the life-time, not least also to support 'flexicurity' ⁽¹⁴⁾ through guaranteed education and training, access to services, maintained rights and sufficient income and via public and/or private funding depending on the type of social security chosen. Social security systems should be adapted and supplemented if possible by collective agreements and mutually based financial provision.

— *Improved life quality through a charter of social sustainability* covering for instance fundamental social rights, social protection, social services, health and patients' — including mental patients' — rights.

6.2 Guaranteeing fundamental social rights

— *The European Charter of Fundamental Rights.* The principles and provisions of the Charter should help guide and encourage EU social policy developments and actions.

— *Vigilance in combating all forms of discrimination.* Supplementary legislative actions and other measures to guarantee the provisions in the Treaty ⁽¹⁵⁾ in order to cover all grounds of discrimination.

— *Ratifying International and European human rights instruments.* Actions to guarantee the legal and practical implementation of provisions included in those instruments and better monitoring by the EU and the Member States. The UN Convention on the Rights of the Child must be given particular attention.

⁽¹³⁾ For instance like the Joint analysis report 'Key challenges facing European Labour markets' published by BusinessEurope, CCEP and ETUC in October 2007.

⁽¹⁴⁾ EESC opinion of 22.4.2008 on the 'Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Towards Common Principles of Flexicurity: More and better jobs through flexibility and security'. Rapporteur: Mr Janson and co-rapporteur: Mr Ardhe. OJ C 211, 19.8.2008, p. 48.

⁽¹⁵⁾ Article 16 E in Lisbon Treaty (previous Article 13).

6.3 Empowering people — developing capacities

- *European knowledge lift programme* ⁽¹⁶⁾. Key priorities and actions of life long learning, giving them a legal basis and providing sufficient financial resources.
- *Implementation of the European Youth Pact*, particularly
 - *a Youth Employment Package* based on substantial investments giving access for young people into decent first work experience leading to more permanent employment in the labour market;
 - *giving a second chance for early school leavers*.
- *Community Framework Programme of integration policies*. Effective, coherent rights based integration policies of immigrants, refugees and minorities supported by ambitious financial resources. Permanent support for the proposed European Integration Forum to be established by the EESC and the Commission in order to give voice to immigrants.

6.4 Towards a society for all

- *Eradication of poverty*
 - maintaining the goal to eradicate poverty in all Member States
 - implementing a zero child-poverty vision
 - decent pensions to combat old-age poverty
 - establishing common principles for a decent minimum income respecting subsidiarity.
- *Gender equality*
 - implementing the Pact for Gender Equality (by legislation, OMC and common principles)
 - guaranteeing individual rights for women
 - increase their participation in all sectors of society
 - combating women poverty
 - investments in affordable and accessible child and elderly care
 - reviewing tax and social security systems
 - combating violence against women.

— Responding to the needs of aging society

- making the Alliance for Family, adopted by the EU Heads of State, operational in this respect
 - create a Senior Citizens' Alliance ⁽¹⁷⁾
 - guaranteeing universal access and sustainable financial sustainability to long term care
 - launching research programme
 - creating an Observatory on best practices.
- ### — A comprehensive EU disability strategy
- introducing a disability specific anti-discrimination framework proposal
 - consolidating the principle of mainstreaming disability in all policies
 - formulating a comprehensive package of legislative measures and impact assessments of other legislation.

— Improved services of general interest

- introducing the legal stability required to ensure the operation of services of general interest and, in particular, social services of general interest and maintaining a high level of quality, with due regard for the role of individual stakeholders;
- developing and monitoring quality tools for assessing the performance of such services and increasing efficiency, including cost-efficiency;
- promoting investments via combined public/private finance instruments (public/private partnerships) especially public infrastructure projects capable of generating revenue from their operations.

6.5 Creation of employment and work of high quality

- *An ambitious and effective European employment strategy*, in particular measurable targets in the fields of activation, life-long learning, youth employment and gender equality which can be benchmarked. The Commission should be given more enforcement powers.
- *Making mobility an opportunity for all*. The benefits of the internal market should be exploited, fully implementing the free movement of labour within the EU, coupled with:
 - adequate measures of social security (efficient transnational coordination of social security as well as portability of social rights on pensions and health)

⁽¹⁶⁾ See Günther Schmied: 'Transitional Labour Markets: Managing Social Risks over the Life Course', contribution to the Informal Meeting of Ministers of Employment and Social Affairs, Guimarães, Portugal, July 2007: http://www.mtss.gov.pt/eu2007pt/en/preview_documentos.asp?r=29&m=pdf, p. 69).

⁽¹⁷⁾ SOC/308, draft opinion on 'Taking into account the needs of the elderly'. Rapporteur: Ms Heinisch. Not yet published in the OJ (the opinion was adopted in September 2008).

- access to housing, child care and education
- equality of treatment for posted and mobile workers and workers in the host country
- more efficient and coordinated control mechanisms of posting of workers.
- *High quality work with fair pay*
 - Common principles to promote high work quality with fair pay while reducing precarious employment
 - Measures for underskilled and as yet unskilled workers
 - Intensified actions to combat undeclared work
 - Development of a European Index of Quality of Work
 - Measures to improve health and safety at the workplace with efficient measures to confront new risks, and this also in respect of new types of work.
- *Eliminating all discriminations in the labour market* also by implementing efficient strategies for reducing gender gaps, combating exclusion and creating pathways for inclusion.

6.6 Promoting entrepreneurship in a societal context

Entrepreneurship in its broadest sense should be promoted to generate more growth and better jobs as well as achieve social cohesion and combat social exclusion.

- *Enterprises, especially social enterprises and other social economy enterprises*, as pathways for effective integration in society and work.
- Commission programmes to support entrepreneurship should remain focused on quality employment.
- *Corporate social responsibility*. To make Europe a pole of excellence on CSR through joint actions of employers, trade unions, NGOs and public authorities developing, in addition to full compliance with labour law and social law, models and good practice in a sustainable manner supported by EU incentives.

6.7 Anticipation and monitoring of structural change

- *Management of change* within a partnership between enterprise and all concerned actors whereby the participation and consultation of workers and their representatives is essential for finding appropriate solutions.
- *Integration of environmental, industrial, economic and social dimensions* in EU proposals on industry, climate change and

environment combined with particular funding instruments to support new technology and employment.

6.8 Emphasising the external dimension

- *Promote the characteristics of the European Social Model in the external policies of the EU* (particularly the notion of decent work, social dialogue and civil dialogue for instance in policies concerning trade, ACP and neighbourhood countries)
- *Strengthen the ILO approach*
 - ratification and implementation by Member States of all the relevant ILO conventions including those concerning non-discrimination
 - integrate core standards of the ILO in trade agreements
 - strengthen the ILO supervisory system.
- *Promotion of social and environmental labelling*
- *Making the conventions of the GSP Plus system a reference point* ⁽¹⁸⁾
- Promoting international governance systems for new technological and environmental choices and for new international finance rules
- *Promoting international agreements on CSR*
- *Development and management of immigration policy* in cooperation with the countries of origin.

7. Methods and tools

7.1 General remarks

7.1.1 Finding appropriate and effective methods to address the new challenges in order to advance social progress is of utmost importance.

7.1.2 Both the existing and the new elements of the Treaty referred to above should be fully utilised as well as strengthening the implementation of the '*social acquis*'. The same goes for other ways of actions and measures.

7.2 New and pending legislation

7.2.1 Within the scope of Articles 136 and 137 of the Treaty some legislative actions are necessary to pursue such as:

- *Unblocking pending legislation* (working time, agency and interim work, portable supplementary pensions etc.).

⁽¹⁸⁾ See point 5.7 in EESC opinion of 22.4.2008 on the 'New trade agreements negotiations — The EESC position'. Rapporteur: Mr Peel and co-rapporteur: Mrs Pichenot. OJ C 211, 19.8.2008, p. 82.

— Improving certain directives.

— Phasing out opt outs.

— Establishing framework for new forms of employment and new risks at the work place.

7.3 Strengthening the transposal, monitoring and action evaluation procedure

— European Court judgements and their effects on the social acquis must be closely followed, and if necessary, political and legal measures must be taken to exclude the possibility of any encroachment on inalienable fundamental rights ⁽¹⁹⁾.

— The full potential of the social partners and organised civil society in the process of transposition and implementation of Community legislation, actions and programmes must be released.

— Control and inspection capacities in the field of health and safety at work and the implementation of workers' rights must be improved.

7.4 Co-regulation and self-regulation

7.4.1 Co-regulation and self-regulation (agreements, voluntary codes of conduct, standards, etc) can supplement EU-framework legislation and other measures also in the social field. The social dialogue as such is one element of this instrument. Co-regulation and self-regulation can be a dynamic process responding to the rapid development of social realities. However it must always be thoroughly assessed and based on a participation and responsibility of all concerned stakeholders and should not lead to a weaker legal status than the available Community method.

7.5 The autonomy and efficiency of the social dialogue needs to be reinforced

7.5.1 The ongoing Joint work programme for 2006-2008 of the European Social Partners shows that the European social dialogue is on track to face the challenges of Europe providing that the European Social Partners adopt the means to create a well-functioning and dynamic culture of autonomous industrial relations at all levels. The EU can support this by:

— ensuring a proper consultation of the European Social Partners in the framework of Article 138 of the Treaty;

— guaranteeing the smooth implementation of their joint long-term work programmes;

— strengthening trade unions' and employers' capacities in the field of training and taking action also by new means, particularly in the new Member States;

— promoting collective trans-national agreements by guaranteeing the social partners a stable juridical framework for European wide collective negotiations including provisions for the transposition of collective agreements;

— developing further the directives on worker participation particularly as regards the right of information and consultation.

7.6 Civil dialogue — reinforcing participatory democracy

7.6.1 The provisions ⁽²⁰⁾ on 'participatory democracy' of the Lisbon Treaty provide new opportunities for involving other civil society organisations than the social partners fully in European social policy making and in particular in the framing of a new European Social Action Programme.

7.6.2 The EESC is the representative institution of organised civil society at EU level. The Lisbon Treaty gives the Committee additional scope to play fully its role as an intermediary between organised civil society and the decision-making bodies of the EU. The EESC has a particular responsibility in fostering participatory democracy. It will take initiatives and explore ways and means for making the new article of the Treaty operational as well as evaluating the different methods of participation, consultation and the impact assessments being used by the EU Commission and other EU institutions with the aim to make them more reliable, useful and participatory. In this context the Committee reiterates its call for the adoption of a statute for European Associations ⁽²¹⁾.

7.7 The citizens' right of initiative — an important tool

7.7.1 The citizens' right of initiative ⁽²²⁾ may be considered as one of the most important tools for organised civil society to try to promote a social Europe closer to the citizens and their social expectations.

7.7.2 Therefore, civil society organisations must evaluate the effectiveness of this new Treaty clause. They must examine under what circumstances they can use it and how it will be made operational. The EESC can contribute to this analysis also by involving national economic and social councils as well as the national organisations which members represent.

⁽²⁰⁾ Article 8 B.

⁽²¹⁾ See for instance the EESC opinion of 28.1.1998 on 'Voluntary Organisations and Foundations in Europe', rapporteur: Mr Olsson (OJ C 95 of 30.3.1998).

⁽²²⁾ Article 8 B.4.

⁽¹⁹⁾ For instance Laval un Partneri Ltd. Judgment of the ECJ C-341/05 of 18.12.2007. Viking Judgment ECJ and Rüffert ECJ C 346/06.

7.8 *Enhanced cooperation*

7.8.1 The ever-increasing diversity of the European Union is an argument for enhanced cooperation. Member States that want to go further and more rapidly in social policy matters can use this opportunity finding common and proper solutions. This should of course neither lead to 'social dumping' nor leave those not taking part totally behind. It should in this context be noted that cooperation between certain Member States already exists in some fields ⁽²³⁾.

7.8.2 Some possible fields for enhanced cooperation can be:

- to achieve a common approach of how to integrate economic and social policies in the euro zone;
- portability of social rights other than those covered by the regulation on the coordination of social security schemes ⁽²⁴⁾;
- actions to reinforce the different EU strategies where competence mainly lies with the Member States, such as, for example, in the field of education.

7.9 *Open Method of Coordination (OMC)*

7.9.1 In different opinions the Committee has supported but considered that the OMC should be more effective. The OMC has delivered some results but all too often Member States have not shown sufficient commitment to the objectives and actions agreed upon.

7.9.2 The Committee has proposed that the OMC should be utilised to establish both quantitative and qualitative targets accompanied by better social indicators, and be used in new areas, for instance policies on integration, intergenerational solidarity and disability policies.

7.9.3 The OMC should 'go more local' thereby reflecting the participatory bottom-up approach and the necessary coordination of partners and policies to achieve local and regional development with support of the structural funds.

7.9.4 Some proposals:

- Local, regional and national action plans as an essential element for the European Social Action Programme.
- Benchmarking of the OMC itself by using targets and indicators, peer reviews as well as exchange of good practice whereby governance and particularly participation of organised civil society at all levels and national ESCs should be highlighted.

⁽²³⁾ For instance the Euro and Schengen.

⁽²⁴⁾ Regulation 883/04.

7.10 *Common principles*

7.10.1 The recent Commission initiatives on, for instance flexibility, have introduced a 'new' method based on common principles serving as recommendations for Member States to follow ⁽²⁵⁾ as they see fit.

7.10.2 The method seems worthwhile when it is focusing on very specific themes and where Member States want progress should be made even if EU competence is limited. As many policy fields are involved, there is a need for an integrated approach.

7.10.3 The 'method of common principles' is also an opportunity for participation of organised civil society both to formulate and even to negotiate them and in their implementation.

7.10.4 However there is a strong necessity to find the linkages to other EU instruments and methods, for instance the OMC and the integrated guidelines of the Lisbon strategy in order to evaluate and measure the efficiency of this 'new' method and its proper application. In implementation, it is important that the common principles are effectively respected so as not to lead to unfair competition.

7.11 *Indicators*

7.11.1 The Committee suggests that within the framework of the ESAP a particular action related to indicators should be introduced with active participation of the concerned stakeholders. It should:

- establish new 'well-being' indicators which are not closely based on GDP/GNP but which make it possible to show progress in the area of social development ⁽²⁶⁾;
- elaborate high quality, reliable and comparable social indicators to provide a sufficiently detailed, true picture of progress regarding the objectives;
- develop qualitative indicators in order to measure, for instance, accessibility and quality in relation to expectations as well as user involvement and user-friendly treatment to reflect how the needs of the citizens are being met.

7.12 *Impact assessment of EU policies*

7.12.1 European Union legislation, policies and programmes should be screened as to their social consequences. The Commission has particular responsibility for such impact assessment which should closely involve all concerned actors. All major social policy fields, particularly their effects on employment, growth, social cohesion and sustainability should be evaluated on a five year basis. Quality criteria should be established to support the necessary analysis and evaluation.

⁽²⁵⁾ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Towards Common Principles of Flexicurity: More and better jobs through flexibility and security, COM(2007) 359 final, plus others. OJ C 211, 19.8.2008, p. 48.

⁽²⁶⁾ In accordance with the work of Nobel Prize-winning economist Armatya Sen.

7.13 Financial resources

7.13.1 The budgetary instrument to implement a social action programme should be seen within a comprehensive vision of both EU and national financial resources.

7.13.2 In the budgetary reform special emphasis should be placed on action in support of economic and social cohesion. A reallocation of resources is needed in order to safeguard and promote cohesion, employment and the European social model, and thereby the ESAP, in accordance with the five-year evaluations (see point 7.12.1).

7.13.3 However, until the new budget is effective (2013) certain reallocations can be made within the existing budget both without and with renegotiations between Member States.

7.13.4 More coherence and coordination is needed between different funds (e.g. cohesion, regional, social, rural, European

Globalisation Adjustment Fund (EGF)) in order to integrate the social dimension in different policies.

7.13.5 Proposals for mid-term initiatives

- re-examine the EGF with a special emphasis on the scope, methods of application and better access to funding including strengthening the link to the ESF. The possible extension of the EGF to cover the impact of climate change and environmental policies on employment should be considered;
- the structural funds should be more responsive to small-scale but effective support structures at grass-roots level;
- a Social Innovation Fund could be established to support new initiatives of experimental character in line with the positive experience of the Equal programme;
- rapidly create a Demographic Fund ⁽²⁷⁾;
- to reinforce the European Integration Fund.

Brussels, 9 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

⁽²⁷⁾ See EESC opinion of 18 December 2007 on the 'Fourth Cohesion Report', rapporteur: Mr Derruine (OJ C 120 of 16.5.2008).

Opinion of the European Economic and Social Committee on the 'Proposal for a Council Directive on the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment'

COM(2007) 637 final — 2007/0228 (CNS)

(2009/C 27/23)

On 7 February 2008, the Council decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the

Proposal for a Council Directive on the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment.

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 10 June 2008. The rapporteur was **Mr Pariza Castaños**.

At its 446th plenary session, held on 9 and 10 July 2008 (meeting of 9 July), the European Economic and Social Committee adopted the following opinion by 139 votes to three with nine abstentions.

1. Preliminary comments

1.1 Eight years have passed since the Tampere European Council, when the EU decided to push forward a common immigration policy. However, little progress has been made on one of the key aspects — immigrant admission policy and legislation. This is still governed by national legislation, with no harmonisation at EU level to regulate admission; national legislation varies greatly and expresses contradictory policies.

1.2 Over six years have passed since the Commission drew up its *Proposal for a Council Directive on the conditions of entry and residence of third-country nationals for the purpose of paid employment and self-employed economic activities* ⁽¹⁾. The EESC and the Parliament issued Opinions ⁽²⁾ supporting the proposal. However, the proposal did not make it past the first reading by the Council. Since then, some States have drawn up new legislation on economic immigration, taking very different approaches.

1.3 In the years to come, Europeans will need new economic migrants to contribute to social and economic development ⁽³⁾. The demographic situation indicates that the Lisbon Strategy could fall apart if we do not change immigration policies. Active policies for the admission of both highly qualified and less qualified workers are needed.

⁽¹⁾ COM(2001) 386 final.

⁽²⁾ See EESC opinion of 16 January 2002 on the *Proposal for a Council Directive on the conditions of entry and residence of third-country nationals for the purpose of paid employment and self-employed economic activities*, Rapporteur: Mr Pariza Castaños (OJ C 80, 3.4.2002) and the EP report in OJ C 43 E, 19.2.2004 (Rapporteur: Ms Terrón i Cusi).

⁽³⁾ See the Council conclusions of December 2007 (Plan on legal migration) and the EESC opinion of 10 December 2003 on the *Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions on immigration, integration and employment*, Rapporteur: Mr Pariza Castaños (OJ C 80, 30.4.2004).

1.4 It is regrettable that in the Council of the European Union some governments have vetoed the Commission's legislative proposals and are perpetuating the restrictive policies of old. Meanwhile, the black economy and illegal employment are growing, creating a real 'pull factor' for undocumented migrants, which the Proposal for a Directive on sanctions against employers ⁽⁴⁾, on which the EESC has issued an opinion ⁽⁵⁾, aims to reduce. In the absence of common European legislation, the Member States are adopting new legislation with very different political agendas, adding further barriers to harmonisation. These different political agendas and legislative disparities cause confusion and uncertainty amongst citizens.

1.5 The EESC supports the inclusion of immigration legislation in the Lisbon Treaty under the ordinary procedure (Commission initiative, qualified majority in the Council and co-decision with the Parliament).

1.6 However, this proposal for a directive is being debated in the Council under the unproductive principle of unanimity. Therefore, as the Committee proposed in its opinion on the Hague programme ⁽⁶⁾, '*This change must take place now, before the study of new legislative proposals*'. The EESC proposes that the Council adopt the 'bridging' procedure already in force with regard to asylum, so that these directives may be approved by qualified majority and co-decision with the Parliament.

⁽⁴⁾ COM(2007) 249 final.

⁽⁵⁾ See EESC opinion of 13 March 2008 on the *Proposal for a Directive of the European Parliament and of the Council providing for sanctions against employers of illegally staying third-country nationals*, Rapporteur: Ms Roksandić, Co-rapporteur: Mr Almeida Freire, adopted at the plenary session of 12-13 March 2008. OJ C 204, 9.8.2008, p. 70.

⁽⁶⁾ See EESC opinion of 15 December 2005 on the *Communication from the Commission to the Council and the European Parliament: The Hague Programme: Ten priorities for the next five years — The Partnership for European renewal in the field of Freedom, Security and Justice*, Rapporteur: Mr Pariza Castaños (OJ C 65, 17.3.2006).

1.7 As already stated by the Committee, 'For the new admission legislation, an overall, horizontal legislative framework is preferable to sectoral legislation⁽⁷⁾. The proposal for a Directive on admission drawn up by the Commission and supported by the EESC, with a few changes⁽⁸⁾, remains a good legislative proposal. Additionally, specific rules could be drawn up for sectoral issues and particular situations. If the Council of the European Union were to opt for a sectoral approach, geared only towards the admission of highly skilled migrants, it would not apply to much of migration, and would also be discriminatory. This option might be easier for the Council, but it does not respond to European needs.'

1.8 The Lisbon Treaty sets the limits for common legislation, including Member States' right to 'determine volumes of admission' of migrants to their country. This limit does not prevent a high degree of legislative harmonisation from being reached in the EU. It is an incentive for national management of economic migration to be dealt with using common, transparent procedures. The power to issue work and residence permits would belong to authorities in the Member States, but within the framework of Community legislation. Thus, each Member State could decide, in cooperation with the social partners, on what kind of immigration it requires⁽⁹⁾. National legislation should take account of each country's specific circumstances, whilst also respecting European legislation.

1.9 The EESC believes that as legislation on the admission of immigrant workers is linked to labour market trends, there should be dialogue between the national authorities and social partners.

1.10 The Hague Programme of November 2004 recognised that 'legal migration will play an important role in enhancing the knowledge-based economy in Europe, in advancing economic development, and thus contributing to the implementation of the Lisbon strategy'.

1.11 The European Council of December 2006 approved the Policy Plan on Legal Migration, which is intended to meet two objectives:

1.11.1 to lay down admission conditions for specific categories of migrants (highly qualified workers, seasonal workers, remunerated trainees and intra-corporate transferees) in four specific legislative proposals; and

⁽⁷⁾ See EESC opinion of 9 June 2005 on the *Green paper on an EU approach to managing economic migration*, Rapporteur: Mr Pariza Castaños (OJ C 286, 17.11.2005).

⁽⁸⁾ See EESC opinion of 16 January 2002 on the *Proposal for a Council Directive on the conditions of entry and residence of third-country nationals for the purpose of paid employment and self-employed economic activities*, Rapporteur: Mr Pariza Castaños (OJ C 80, 3.4.2002).

⁽⁹⁾ See footnote 4.

1.11.2 to establish the general framework for an approach that is equitable and based on respect for migrant workers' rights.

1.12 The Committee recently adopted two opinions⁽¹⁰⁾ proposing that immigration be managed in cooperation with countries of origin in order to boost their development. In a recent opinion⁽¹¹⁾, the EESC already proposed that the provisions of Directive 2003/109/EC be made more flexible for long-term residents, and made other proposals to be taken into account when drawing up new directives on admission.

2. Proposal for a Directive

2.1 The proposal aims to facilitate the attraction of highly qualified workers by harmonising fast-track entry procedures, based on shared definitions and criteria and favourable residence conditions. It includes a specific scheme for 'young professionals', and encourages intra-Community mobility.

2.2 Individual and physical scope

2.2.1 The objective is to establish conditions of entry and residence for over three months of third-country nationals and of their family members for the purpose of highly qualified employment, and to regulate the criteria governing their residence in other Member States. 'Highly qualified employment' is defined as the exercise of genuine and effective work under the direction of someone else for which a person is paid and for which higher education qualifications or at least three years of equivalent professional experience is required.

2.2.2 The scope of the proposal covers third-country nationals who apply to be admitted to the territory of a Member State for the purpose of highly qualified employment. The following categories are excluded: applicants for international protection or persons under temporary protection schemes; refugees; researchers; family members of EU nationals who are exercising their right to free movement; persons with long-term resident status in the EU; beneficiaries of international agreements.

⁽¹⁰⁾ See EESC own-initiative opinion of 25 October 2007 on *EU immigration and cooperation policy with countries of origin to foster development*, Rapporteur: Mr Pariza Castaños (OJ C 44, 16.2.2008) and EESC own-initiative opinion of 12 December 2007 on *Migration and development: opportunities and challenges*, Rapporteur: Mr Sharma, adopted at the plenary session of 12-13 December 2007 (OJ C 120, 16.5.2008, p. 82).

⁽¹¹⁾ See EESC own-initiative opinion of 25 October 2007 on *EU immigration and cooperation policy with countries of origin to foster development*, Rapporteur: Mr Pariza Castaños (OJ C 44, 16.2.2008).

2.2.3 The directive will be without prejudice to more favourable provisions included in bilateral and multilateral agreements with third countries, and will not affect the Member States' right to adopt or retain more favourable provisions, except with regard to conditions of entry into the first Member State.

2.3 Conditions, procedures and rights

2.3.1 The proposal establishes entry conditions and admission criteria, under which individuals must:

- a) present a valid work contract or a binding job offer of at least one year;
- b) fulfil the conditions set out under national legislation for the exercise of the regulated profession specified in the work contract or binding job offer;
- c) for unregulated professions, present the documents attesting the relevant higher professional qualifications in the occupation or sector specified;
- d) present a valid travel document and valid residence permit;
- e) have health insurance;
- f) not be considered to pose a threat to public policy, public security or public health.

2.3.2 The gross monthly salary specified in the work contract or job offer must not be lower than a national salary threshold defined and published for the purpose by the Member States, which must be at least three times the minimum gross monthly wage as set by national law ⁽¹²⁾.

2.3.3 Third-country nationals of less than 30 years of age and holding higher education qualifications are exempt from some of these conditions. The gross monthly salary must be at least two-thirds of the national salary threshold. Moreover, when the applicant has completed his/her higher education in the Member State and obtained a Bachelor's and a Master's degree in a higher education institution located within the Community, proof of professional experience in addition to the higher education qualifications will not be required.

2.3.4 Under Articles 7 and 19.5, this will be without prejudice to the competence of the Member States to determine

volumes of admission of third-country nationals for highly qualified employment.

2.4 Blue Card

2.4.1 Third-country nationals fulfilling these criteria will be granted an EU Blue Card. The initial validity of the Blue Card will be two years and will be renewable for at least the same duration ⁽¹³⁾. If the work contract covers a period less than two years, the EU Blue Card will be issued for the duration of the work contract.

2.4.2 Member States will determine whether applications for a Blue Card are to be made by the immigrant worker or by his/her employer.

2.4.3 As a general rule, the application will be considered and examined when the third-country national concerned is residing outside the territory of the EU. However, the proposal also allows Member States, in accordance with their national legislation, to accept an application submitted when the third-country national concerned is legally present in its territory but not in possession of a residence permit.

2.5 Rights

2.5.1 For the first two years of legal residence in the Member State concerned as holder of an EU Blue Card, access to the labour market for the person concerned will be restricted to the exercise of paid employment activities under the applicable conditions for the award of the Blue Card. At the end of this period, the immigrant worker will enjoy treatment comparable to that of nationals of the Member State as regards access to the labour market and highly skilled employment. Unemployment in itself will not constitute a reason for revoking an EU Blue Card, provided that it does not exceed three consecutive months.

2.5.2 The EU Blue Card gives holders the right to equal treatment with nationals in the following fields: working conditions (pay, dismissal, health and safety at the workplace); freedom of association; affiliation and membership of an organisation representing workers or employers; education and vocational training (study grants); recognition of degrees, certificates and other professional qualifications; social security; social assistance; payment of acquired pensions when moving to a third country; tax benefits; access to goods and services and the supply of public goods and services (procedures for obtaining housing and the assistance afforded by employment offices); and free access to the entire territory of the Member State concerned.

⁽¹²⁾ 'Member States where minimum wages are not defined shall set the national salary threshold to be at least three times the minimum income under which citizens of the Member State concerned are entitled to social assistance in that Member State'. Article 5.2.

⁽¹³⁾ The format of the EU Blue Card should be in accordance with the provisions of Regulation (EC) No 1030/2002 of 13.6.2002, laying down a uniform format for residence permits for third-country nationals (OJ L 157, 15.6.2002).

2.5.3 Member States may apply derogations, such as restricting access to certain employment activities or social rights.

2.5.4 The preamble to the proposal states that favourable conditions for family reunification and for access to work for spouses should be a fundamental element of any scheme aiming to attract highly qualified workers to the EU. The proposal therefore sets down a series of derogations to the conditions laid down by Directive 2003/86/EC on the right to family reunification ⁽¹⁴⁾ in order to give these types of immigrants access to this right.

2.5.5 The proposal also includes a number of derogations to Directive 2003/109/EC concerning the status of third-country nationals who are long-term residents ⁽¹⁵⁾. Highly qualified third-country nationals will have access to more rights and more favourable, flexible administrative treatment than other individuals holding long-term resident status.

2.5.6 Member States will have to grant third-country nationals whose applications have been accepted every facility to obtain visas.

2.5.7 After two years of legal residence in the first Member State as a holder of an EU Blue Card, the proposal allows for the possibility of moving to a second Member State for the purpose of highly qualified employment, subject to fulfilment of the same conditions as for acquisition of the Blue Card in the first Member State. The members of the individual's family may accompany or join him/her.

3. General remarks

3.1 The European Economic and Social Committee believes that there should be a common, fast, transparent procedure for admitting workers, in line with the provisions of the Lisbon Treaty regarding the Member States' right to define the number of immigrants that they will admit.

3.2 The EESC considers that, in line with the principles and values of the EU, immigration legislation should comply with the EU Charter of Fundamental Rights and anti-discrimination legislation.

3.3 Once the Lisbon Treaty is ratified and enters into force, the distribution of powers between the EU and the Member States will be clearer, and the Council will adopt decisions by

qualified majority and by co-decision with the Parliament, superseding the current unanimity rule that prevents truly common legislation from being adopted.

3.4 The European Economic and Social Committee proposes that, when adopting legislation (this and subsequent directives) on immigration, the Council use the ordinary procedure (as it did when deciding on legislation on asylum), thus anticipating the provisions of the Lisbon Treaty, and proposes that the Commission speed up its work on the other directives on admission that it has planned for the coming months (covering seasonal workers, remunerated trainees and intra-corporate transferees).

3.5 The Committee hopes that the EU will have adequate, sufficiently harmonised legislation so that immigration can be channelled through legal, flexible, transparent procedures, in which third-country nationals are fairly treated, with comparable rights and obligations to EU citizens.

3.6 The rights and obligations for third-country nationals contained in the proposed directive, based on equal treatment as regards salaries, working conditions, freedom of association, education and vocational training, represent a good starting point for immigration legislation, which should be extended to all categories of immigrant workers.

3.7 The Committee agrees that the new immigration legislation should make less restrictive provisions for family reunification than Directive 2003/86/EC.

3.8 The EESC concurs that immigration legislation should be more flexible with regard to residence permits, as it suggested in a recent opinion ⁽¹⁶⁾, so as to enable circular immigration systems that would encourage development in countries of origin and offset the more negative effects of the 'brain drain'. In the opinion, the EESC proposed a number of modifications to the Directive on the status of long-term residents (2003/109/EC) in order to make procedures more flexible. The opinion also included various proposals regarding the other admission directives.

4. Specific comments

4.1 The EESC considers that salary is not an appropriate criterion for consideration as a highly qualified worker.

⁽¹⁴⁾ Council Directive 2003/86/EC of 22.9.2003 on the right to family reunification (OJ L 251, 3.10.2003).

⁽¹⁵⁾ Council Directive 2003/109/EC of 25.11.2003 concerning the status of third-country nationals who are long-term residents (OJ L 16, 23.1.2004).

⁽¹⁶⁾ See EESC opinion of 25 October 2007 on *EU immigration and cooperation policy with countries of origin to foster development*, Rapporteur: Mr Pariza Castaños (OJ C 44, 16.2.2008).

4.2 The concept of 'highly qualified' should be linked to higher education certificates and qualifications or equivalent vocational skills rather than the salary that the worker is to receive ⁽¹⁷⁾.

4.3 Moreover, making salary one of the requirements for access to the EU Blue Card will make it hard to achieve a common policy in the EU. The major differences in national minimum wage levels that currently exist between the Member States hinder harmonisation.

4.4 The EU must make swift progress in recognising professional qualifications, bearing in mind the Bologna process which aims to facilitate mutual recognition of degrees awarded by European universities. While there is no European system for the recognition of qualifications, there should be a national authority which is responsible for recognition, taking into account Directive 2005/36 on the recognition of professional qualifications, the criteria used by the ILO to define highly qualified workers ⁽¹⁸⁾ and UNESCO's International Standard Classification of Education (ISCED 1997 ⁽¹⁹⁾).

4.5 The EESC endorses the criterion of three years of equivalent professional experience in the definition of 'highly qualified employment'. However, this could also pose practical problems when it comes to professions requiring more extensive higher education qualifications. In any event, it should be the national authority that is responsible for assessing professional equivalency, in cooperation with the social partners.

4.6 The EESC believes that the European Commission's proposal to offer preferential conditions to highly qualified immigrant workers, by allowing them more favourable treatment than established in Directives 2003/86/EC and 2003/109/EC, could lead to different categories of immigrants being treated differently. It must be ensured that these exceptions do not affect the overall consistency of European immigration policy and the principle of equal treatment ⁽²⁰⁾.

4.6.1 The proposal for a Directive on highly qualified employment will facilitate and increase family reunification

rights. The EESC believes that the right to family life is a fundamental right which cannot be contingent on the type of economic activity or employment of a worker. The EESC has already proposed in earlier opinions that Directive 2003/86/EC on family reunification be amended, as it should include the exceptions provided for in the proposed Directive on highly qualified employment ⁽²¹⁾.

4.6.2 The EESC is concerned that the proposed directive does not establish the right to work for family members of Blue Card holders who move to another Member State.

4.6.3 Moreover, those third-country nationals who, after a residence period of five years, have long-term European resident status will have a less favourable legal status than highly qualified migrant workers. The criterion of stable, permanent residence will become a secondary factor when it comes to establishing legal certainty and integration in the EU. The EESC has already proposed in a recent opinion ⁽²²⁾ that the provisions of Directive 2003/109/EC should be made more flexible for all long-term residents.

4.7 There are some aspects of the proposal whose compatibility with Member States' international legal obligations is debatable. For instance, the requirement that the professional mobility of EU Blue Card holders be restricted during the first two years of legal residence does not comply with the provisions of the European Convention on the legal status of migrant workers (1977), Article 8 of which establishes a maximum period of one year.

4.8 Under the proposed directive, an individual who is unemployed for three consecutive months would not be able to renew the EU Blue Card. However, this three-month limit does not match the five months set down in the European Convention on the legal status of migrant workers (Article 9.4).

4.9 The EESC suggests that a period of unemployment of six months be considered, in order to comply with international agreements and make it easier for workers to find new employment. This period is particularly necessary when the worker is attending a training course in order to obtain a new job.

⁽¹⁷⁾ See EESC opinion of 30 May 2007 on the *Proposal for a Recommendation of the European Parliament and of the Council on the establishment of the European Qualifications Framework for lifelong learning*, point 5.6, Rapporteur: Mr Rodríguez García-Caro (OJ C 175, 27.7.2007).

⁽¹⁸⁾ See the ILO's International Standard Classification of Occupations (ISCO-88).

⁽¹⁹⁾ http://www.unesco.org/education/information/nfsunesco/doc/isced_1997.htm.

⁽²⁰⁾ Tampere European Council, Presidency conclusions, 15 and 16 October 1999. Point 18: 'The European Union must ensure fair treatment of third country nationals who reside legally on the territory of its Member States. A more vigorous integration policy should aim at granting them rights and obligations comparable to those of EU citizens. It should also enhance non-discrimination in economic, social and cultural life and develop measures against racism and xenophobia'.

⁽²¹⁾ In the coming months, the Commission is to issue an assessment report on the operation of the directive.

⁽²²⁾ See footnote 16.

4.10 The EESC considers that the interim measures which temporarily limit the free movement of workers from the new Member States are a derogation which, particularly with regard to the employment of highly qualified workers, should be swiftly revoked, and the principle of preference for EU citizens should be guaranteed.

4.11 It is not acceptable that the scope of the directive should exclude refugees and asylum seekers. As the EESC has proposed, persons in need of international protection should be able to work ⁽²³⁾, including those with high qualifications.

4.12 The fact that the proposal provides for a more flexible system for under-30 year-olds (lower salary bracket

could be considered discriminatory, and the EESC does not endorse this.

4.13 Lastly, the EESC wishes to highlight the importance of integration. It has drawn up a number of own-initiative opinions promoting integration policies ⁽²⁴⁾ and has held conferences and hearings on the subject. The EU and the national authorities should work together to promote integration policies, because integration, the promotion of equal treatment and the fight against discrimination are all challenges facing European society, especially local authorities, social partners and civil society organisations. The Committee is working together with the European Commission to set up the European Integration Forum ⁽²⁵⁾.

Brussels, 9 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

⁽²³⁾ EESC opinion of 12 March 2008 on the *Green Paper on the future Common European Asylum System*, Rapporteur: Ms Le Nouail-Marlière, adopted at the plenary session of 12 and 13 March 2008 (OJ C 204, 9.8.2008, p. 77).

⁽²⁴⁾ EESC opinion of 21 March 2002 on *Immigration, integration and the role of civil society organisations*, Rapporteur: Mr Pariza Castaños (OJ C 125, 27.5.2002).

EESC opinion of 10/11 December 2003 on the *Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions on immigration, integration and employment*, Rapporteur: Mr Pariza Castaños (OJ C 80, 30.3.2004).

EESC opinion of 13 September 2006 on *Immigration in the EU and integration policies: cooperation between regional and local governments and civil society organisations*, Rapporteur: Mr Pariza Castaños (OJ C 318, 23.12.2006).

Conference on *The role of civil society in promoting integration*, Brussels, 9 and 10 September 2002.

⁽²⁵⁾ <http://integrationforum.teamwork.fr/>

Opinion of the European Economic and Social Committee on the ‘Proposal for a Council Directive on a single application procedure for a single permit for third-country nationals to reside and work in the territory of a Member State and on a common set of rights for third-country workers legally residing in a Member State’

COM(2007) 638 final — 2007/0229 (CNS)

(2009/C 27/24)

On 7 February 2008, the Council decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the

Proposal for a Council Directive on a single application procedure for a single permit for third-country nationals to reside and work in the territory of a Member State and on a common set of rights for third-country workers legally residing in a Member State.

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 10 June 2008. The rapporteur was **Mr Pariza Castaños**.

At its 446th plenary session, held on 9 and 10 July 2008 (meeting of 9 July), the European Economic and Social Committee adopted the following opinion by 140 votes to three, with seven abstentions.

1. Preliminary comments

1.1 Eight years have passed since the Tampere European Council, when the EU decided to push forward a common immigration policy. However, little progress has been made on one of the key aspects — immigrant admission policy and legislation. This is still governed by national legislation, with no harmonisation at EU level to regulate admission; national legislation varies greatly and expresses contradictory policies.

1.2 Over six years have passed since the Commission drew up its *Proposal for a Council Directive on the conditions of entry and residence of third-country nationals for the purpose of paid employment and self-employed economic activities* ⁽¹⁾. The EESC and the Parliament issued Opinions ⁽²⁾ supporting the proposal. However, the proposal did not make it past the first reading by the Council. Since then, some States have drawn up new legislation on economic immigration, taking very different approaches.

1.3 In the years to come, Europeans will need new economic migrants to contribute to social and economic development ⁽³⁾. The demographic situation indicates that the Lisbon Strategy

could fall apart if we do not change immigration policies. Active policies for the admission of both highly qualified and less qualified workers are needed.

1.4 It is incomprehensible that in the Council of the European Union some governments have vetoed the Commission's legislative proposals and are perpetuating the restrictive policies of old. Meanwhile, the black economy and illegal employment are growing, creating a real ‘pull factor’ for undocumented migrants. In the absence of common European legislation, the Member States are adopting new legislation with very different political agendas, adding further barriers to harmonisation. These different political agendas and legislative disparities cause confusion and uncertainty amongst citizens.

1.5 The EESC has proposed that with regard to legislation on the admission of immigrants, the Council of the European Union should abandon the unanimity requirement and adopt its decisions by qualified majority and co-decision with the Parliament ⁽⁴⁾. This is the only way to draft good legislation, which makes progress towards harmonisation in the EU.

1.6 The EESC believes that immigration legislation should be included in the Lisbon Treaty under the ordinary procedure (Commission initiative, qualified majority in the Council and co-decision with the Parliament).

1.7 However, this proposal for a directive is being debated in the Council under the unproductive principle of unanimity. Therefore, as the Committee proposed in its opinion on the Hague programme ⁽⁵⁾, ‘*This change must take place now, before the study of new legislative proposals*’. The EESC proposes that the

⁽¹⁾ COM(2001) 386 final.

⁽²⁾ See the EESC opinion of 16 January 2002 on the Proposal for a Council Directive on the conditions of entry and residence of third-country nationals for the purpose of paid employment and self-employed economic activities (rapporteur: Mr Pariza Castaños) (OJ C 80, 3.4.2002) and the EP opinion in OJ C 43 E, 19.2.2004 (rapporteur: Ms Terrón i Cusí).

⁽³⁾ The conclusions of the European Council of December 2006 (the plan for a legal migration policy) and also see the EESC opinion of 10 December 2003 on the Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions on immigration, integration and employment, rapporteur: Mr Pariza Castaños (OJ C 80, 30.3.2004).

⁽⁴⁾ See the EESC opinion of 15 December 2005 on the Communication from the Commission to the Council and the European Parliament: The Hague Programme: Ten priorities for the next five years — The Partnership for European renewal in the field of Freedom, Security and Justice, rapporteur: Mr Pariza Castaños (OJ C 65, 17.3.2006).

⁽⁵⁾ See footnote 4.

Council adopt the 'bridging' procedure already in force with regard to asylum, so that these directives may be approved by qualified majority and co-decision with the Parliament.

1.8 As already stated by the Committee, 'For the new admission legislation, an overall, horizontal legislative framework is preferable to sectoral legislation. The proposal for a Directive on admission drawn up by the Commission and supported by the EESC, with a few changes, remains a good legislative proposal. Additionally, specific rules could be drawn up for sectoral issues and particular situations. If the Council of the European Union were to opt for a sectoral approach, geared only towards the admission of highly skilled migrants, it would not apply to much of migration, and would also be discriminatory. This option might be easier for the Council, but it does not respond to European needs ⁽⁶⁾'.

1.9 The Lisbon Treaty sets the limits for common legislation, including Member States' right to 'determine volumes of admission' of migrants to their country. This limit does not prevent a high degree of legislative harmonisation from being reached in the EU. It is an incentive for national management of economic migration to be dealt with using common, transparent procedures. The power to issue work and residence permits would belong to authorities in the Member States, but within the framework of Community legislation. Thus, each Member State could decide, in cooperation with the social partners, on what kind of immigration it requires. National legislation should take account of each country's specific circumstances, whilst also respecting European legislation.

1.10 This proposal for a horizontal directive on a single application procedure for a single permit for third-country nationals to reside and work in the territory of a Member State and on a common set of rights for third-country workers legally residing in a Member State meets the aims of the European Union to establish a comprehensive immigration policy.

1.11 This aim was first adopted at the Tampere European Council of October 1999, the final declaration of which states that the EU should guarantee fair treatment for third-country nationals residing legally in the Member States, and that their rights and obligations should be equivalent to those of EU citizens themselves.

1.12 The Hague Programme of November 2004, however, recognised that 'legal migration will play an important role in enhancing the knowledge-based economy in Europe, in advancing economic development, and thus contributing to the implementation of the Lisbon strategy'.

1.13 The Commission drew up a Green Paper ⁽⁷⁾ in 2004 with the aim of opening up a debate and a period of

consultation on the management of economic migration within the EU. The EESC drew up an opinion ⁽⁸⁾ proposing that the EU lay down common legislation on the admission of migrants; such legislation should have a high degree of harmonisation and be horizontal rather than sectoral.

1.14 The European Council of December 2006 adopted the policy plan on legal migration, which is intended to meet two objectives:

1.14.1 to lay down admission conditions for specific categories of migrants (highly qualified workers, seasonal workers, remunerated trainees and intra-corporate transferees) in four specific legislative proposals; and

1.14.2 to establish the general framework for an approach that is equitable and based on respect for migrant workers' rights.

2. Proposal for a Directive

2.1 The proposal for a directive is intended to secure the legal status of already admitted third-country workers and to introduce procedural simplifications for the applicants.

2.2 There are considerable differences in the Member States' treatment of migrant workers.

2.3 Significant differences also exist in the treatment of migrants in comparison with Community workers.

2.4 The directive aims to establish a single application procedure for third country nationals seeking to enter the territory of a Member State for the purpose of residence and employment and a common set of rights for third country workers residing legally: working conditions, including pay and dismissal, association, access to vocational training and to the main social security benefits, etc.

2.5 This is a horizontal directive, and includes economic migrants and persons who were issued with a residence permit for purposes other than work and were subsequently given access to the labour market on the basis of Community or national provisions (e.g. family members, refugees, students, researchers).

2.6 The directive's scope excludes third country nationals who are posted workers ⁽⁹⁾ because they do not form part of the labour market of the Member State to which they are posted, intra-corporate transferees, contractual service suppliers

⁽⁶⁾ See footnote 4.

⁽⁷⁾ Green paper on an EU approach to managing economic migration (COM(2004) 811 final).

⁽⁸⁾ See the EESC opinion of 9 June 2005 on the Green paper on an EU approach to managing economic migration, rapporteur: Mr Pariza Castanos (OJ C 286, 17.11.2005).

⁽⁹⁾ Directive 96/71/EC.

and graduate trainees, seasonal workers and lastly third-country nationals who have acquired long-term resident status.

2.7 This proposal establishes the obligation for Member States to examine each application to work and reside in their territory in a single application procedure — and if granted — to issue a single permit enabling the applicant to stay and work.

2.8 To this end, each Member State should designate a competent authority to receive the application and issue the single permit, without prejudice to the role and responsibilities of other national authorities with regard to the examination of and the decision on the application.

2.9 The single permit is to take the harmonised format of the residence permit for third-country nationals in accordance with Regulation (EC) No 1030/2002.

2.10 The single permit will entitle its holder to enter and stay in the territory of the Member State issuing the single permit, have free access to the entire territory, pass through other Member States and to exercise the activities authorised under the single permit.

2.11 With regard to the single procedure, a number of procedural safeguards are established, such as the need to give reasons for a decision rejecting the application for a single permit; in any event — and where this matter falls within the remit of the Member States — the conditions and criteria on the basis of which an application for a single permit can be rejected have to be laid down in national law.

2.12 The directive also lays down the obligation to provide a means of redress in the event that the application is rejected and notification of this possibility must be issued in writing together with the rejection. Information must also be provided regarding the documents required when submitting the application and any fees to pay.

2.13 Where rights are concerned, the directive establishes a minimum requirement for ensuring equal treatment for every individual granted a single permit, without prejudice to the right of Member States to adopt more favourable provisions.

2.14 The directive stipulates that third-country workers shall enjoy equal treatment with nationals at least with regard to:

- Working conditions, including pay and dismissal as well as health and safety at the workplace.
- Freedom of association and affiliation and membership of an organisation representing workers or employers or of any professional organisation.
- Education and vocational training.
- Recognition of diplomas, certificates and other professional qualifications in accordance with the relevant national procedures.

— Equal treatment as regards social security covers the benefits set out in Regulation EC 1408/71, also extending its provisions to persons coming to a Member State directly from a third country.

— Payment of acquired pensions when moving to a third country.

— Tax benefits.

— Access to goods and services, including procedures for obtaining housing and the assistance afforded by employment offices.

2.15 Member States may restrict the right to equal treatment:

— by requiring proof of appropriate language proficiency for access to education and training;

— by restricting rights to study grants;

— by restricting equality in working conditions (including salary, dismissal and health and safety in the workplace), freedom of association, tax benefits and social security rights for persons engaged in a specific occupation.

2.16 As regards the recognition of diplomas, the proposal grants equal treatment in accordance with national procedures and refers to Directive 2005/36/EC, which states that a third-country national who acquired qualifications in other Member States should have them recognised in the same way as for EU citizens.

2.17 With regard to equal access to goods and services made available to the public including both public and private-sector housing, Member States may restrict the right to public housing to third-country nationals who have been staying in the Member State concerned for at least three years.

2.18 Lastly, the proposed directive guarantees respect for more favourable provisions in Community agreements or international instruments, including those adopted by the Council of Europe and which apply to third-country migrant workers who are nationals of Council of Europe member countries. The proposal is also without prejudice to more favourable provisions contained in international conventions prohibiting discrimination on the basis of national origin.

3. General comments

3.1 The EESC has proposed that The Council of the European Union should abandon the unanimity requirement and adopt its decisions by qualified majority and co-decision with the Parliament ⁽¹⁰⁾. This is the only way to draft good legislation that represents progress on harmonisation within the EU.

3.2 The Committee welcomes the fact that the Lisbon Treaty includes legislation on immigration in the ordinary procedure (a Commission initiative, qualified majority in the Council and co-decision with Parliament).

⁽¹⁰⁾ See footnote 4.

3.3 Once the Lisbon Treaty is ratified and enters into force, the distribution of powers between the EU and the Member States will be clearer and whereas the Council will adopt decisions by qualified majority and by co-decision with the Parliament, superseding the current unanimity rule that prevents truly common legislation from being adopted; the European Economic and Social Committee proposes that, when adopting legislation on immigration, the Council use the ordinary procedure (as it did when deciding on legislation on asylum), thus anticipating the provisions of the Lisbon Treaty.

3.4 The EESC proposes that the Council's work on this directive take priority over the Directive on highly qualified employment (COM(2007) 637), and the other sectoral directives, and also proposes that the Commission speed up its work on the other directives on admission that it has planned for the coming months (covering seasonal workers, remunerated trainees and intra-corporate transferees).

3.5 The Committee hopes that the EU will have adequate, sufficiently harmonised legislation so that immigration can be channelled through legal, flexible, transparent procedures, in which third-country nationals are fairly treated, with comparable rights and obligations to EU citizens.

3.6 The rights and obligations for third-country nationals contained in the proposed directive, based on equal treatment as regards salaries, working conditions, freedom of association, education and vocational training, represent a good starting point for future immigration legislation.

4. Specific comments

4.1 The EESC considers that this horizontal directive, which includes a single procedure and a set of rights for third-country workers residing legally in a Member State, is crucial for the EU in order to cement the bases for a common policy on economic migration. The proposal for a directive respects the Member States' right to determine the number of immigrants that they wish to admit.

4.2 The EESC wishes to highlight the importance of the Commission's proposal for providing the EU with horizontal legislation on the admissions procedure and on the rights of third-country workers residing in Member States' territory.

4.3 In its opinion on the Green Paper ⁽¹¹⁾ the EESC expressed its support for a single procedure for immigration for the purpose of employment: *'The relationship between residence and work permits shows clear differences in the various Member States. The EESC believes that harmonised legislation is needed for the EU. The authority responsible for issuing permits would be that of each Member State. Permits granted by a Member State should be*

recognised as such in the rest of the EU. The EESC recommends that the legislation keep bureaucracy to a minimum and make things easy for the persons concerned, i.e. the migrants, employers and authorities. It would be advisable to have a single permit, namely, the residence permit, which would be combined with a work permit'.

4.4 With regard to rights, in the opinion on the Green Paper referred to above, the EESC already stated that: *'The starting point for this debate must be the principle of non-discrimination. Migrant workers, whatever the period for which they are authorised to reside and work, must have the same economic, labour and social rights as other workers'.* The Committee wishes to highlight the role of the social partners at the different levels (business, sector, national and European) in promoting equal treatment at work. The EESC held a hearing, in conjunction with the Dublin Foundation and the social partners, the conclusions of which were set out in another opinion ⁽¹²⁾.

4.5 The opinion on the Green Paper ⁽¹³⁾ stated that: *'In specific terms, the EESC proposes a series of rights that should be granted to third-country nationals temporarily and legally working and residing within the EU'.* The Committee wishes to point out that immigrant workers pay taxes to the national authorities of their host country, in addition to employment-related social security contributions, in line with Member State legislation.

4.6 In addition to equal treatment in the workplace (working conditions, salaries and dismissals, health and safety at work, rights of association, etc.), the EESC also proposed including:

- *'the right to social security, including healthcare;*
- *the right to have access to goods and services, including housing, under the same conditions as nationals;*
- *access to education and vocational training;*
- *the recognition of degrees, certificates and qualifications in the context of Community law;*
- *the right to the education of minors, including funding and study grants;*
- *the right to carry out teaching and scientific research in accordance with the proposal for a Directive ⁽¹⁴⁾;*
- *the right to free legal aid in cases of need;*
- *the right of access to a free placement service (public service);*

⁽¹²⁾ See the EESC opinion of 13/14 September 2006 on Immigration in the EU and integration policies: cooperation between regional and local governments and civil society organisations (rapporteur: Mr Pariza Castaños) (OJ C 318, 23.12.2006).

⁽¹³⁾ See footnote 8.

⁽¹⁴⁾ See the Proposal for a Commission Directive (COM(2004) 178) on the admission of third-country nationals to carry out scientific research in the European Community. See also the EESC opinion of 27.10.2004 on the Commission Communication to the Council and the European Parliament on the presentation of a Proposal for a Directive and two Proposals for Recommendations to facilitate the admission of third-country nationals to carry out scientific research in the European Community (rapporteur: Ms King) (OJ C 120, 20.5.2005).

⁽¹¹⁾ See footnote 8.

- the right to be taught the language of the host society;
- respect for cultural diversity;
- the right to free movement and residence within the Member State.⁽¹⁵⁾

4.7 In 2004, the EESC also adopted an own-initiative opinion⁽¹⁵⁾ proposing that the European Union and the Member States ratify the *International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families*, adopted by the General Assembly of the United Nations in 1990⁽¹⁶⁾, with the aim of promoting migrant workers' fundamental rights not only in Europe but worldwide. The EESC proposes that the Commission take new steps to ratify the Convention, in order to strengthen an international system for immigrant rights.

4.8 The Committee proposes that the directive's explanatory statement include a new paragraph to the effect that the ILO rules on immigration law, especially the ILO Conventions on migrant workers (C 97 and C 143), should be complied with.

4.9 The EESC also proposes that the directive safeguard gender equality, which forms part of the Community *acquis*, as well as EU anti-discrimination legislation.

4.10 Seasonal workers should not be excluded from the scope of the directive. Although the Commission is drawing up a specific directive, the EESC considers that the principle of equal treatment, especially in the workplace, should also be guaranteed for this category of worker.

4.11 The Committee wishes to state its concern at and disagreement with the possibility of the directive allowing Member States to restrict the right to equal treatment⁽¹⁷⁾, in

relation to working conditions (including pay and dismissal, health and safety in the workplace and social security) and as regards freedom of association. This restriction contradicts the proposal set out in Article 2. Such restrictions could also contravene the principle of non-discrimination. The EESC considers that, taking account of the case-law of the Court of Justice of the European Communities, equal treatment is one of the principles of Community law.

4.12 In any event, where restrictions are in place, they should always be interpreted in line with other binding international legislation that is more generous, specifically the Universal Declaration of Human Rights, the International Pact on Civil and Political Rights or the European Convention on Human Rights, and with various ILO Conventions and Community and national laws that are more generous.

4.13 The directive envisages that when a single permit is rejected, this should be done in writing and the individual concerned should be able to challenge the decision in the Member State's courts. The Committee proposes that for a judicial decision rejecting the renewal, suspension or withdrawal of the single permit on the basis of criteria specified in national or Community law⁽¹⁸⁾, the administrative decision should be postponed until the judgment is final.

4.14 Lastly, the EESC wishes to highlight the importance of integration. It has drawn up a number of own-initiative opinions promoting integration policies⁽¹⁹⁾ and has held conferences and hearings on the subject. The EU and the national authorities should work together to promote integration policies, because integration, the promotion of equal treatment and the fight against discrimination are all challenges facing European society, especially local authorities, social partners and civil society organisations. The Committee is working together with the European Commission to set up the European Integration Forum⁽²⁰⁾.

Brussels, 9 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

⁽¹⁵⁾ See the EESC opinion of 30 June 2004 on the International Convention on Migrants (rapporteur: Mr Pariza Castaños) (OJ C 302, 7.12.2004).

⁽¹⁶⁾ Resolution 45/158 of 18 December 1990, which entered into force on 1 July 2003.

⁽¹⁷⁾ Art. 12-2.

⁽¹⁸⁾ Art. 8.

⁽¹⁹⁾ EESC opinion of 21 March 2002 on Immigration, integration and the role of civil society organisations (rapporteur: Mr Pariza Castaños) (OJ C 125, 27.5.2002).

EESC opinion of 10/11 December 2003 on the Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions on immigration, integration and employment (rapporteur: Mr Pariza Castaños) (OJ C 80, 30.3.2004).

EESC opinion of 13/14 September 2006 on Immigration in the EU and integration policies: cooperation between regional and local governments and civil society organisations (rapporteur: Mr Pariza Castaños) (OJ C 318, 23.12.2006).

Conference on 'The role of civil society in promoting integration', Brussels, 9 and 10 September 2002.

⁽²⁰⁾ <http://integrationforum.teamwork.fr/>.

Opinion of the European Economic and Social Committee on the 'Proposal for a Decision of the European Parliament and of the Council concerning the European Year of Creativity and Innovation (2009)'

COM(2008) 159 final — 2008/0064 (COD)

(2009/C 27/25)

On 7 April 2008, the Council decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the

Proposal for a Decision of the European Parliament and of the Council concerning the European Year of Creativity and Innovation (2009).

On 21 April 2008, the Bureau of the European Economic and Social Committee instructed the Section for Employment, Social Affairs and Citizenship to prepare the Committee's work on the subject.

Given the urgent nature of the work, the European Economic and Social Committee appointed Mr Rodríguez García-Caro as rapporteur-general at its 446th plenary session, held on 9 and 10 July 2008 (meeting of 9 July), and adopted the following opinion by 108 votes in favour, with five abstentions.

1. Conclusions

1.1 The EESC fully supports any measures to encourage creativity and promote innovation among EU citizens, and welcomes the initiative to devote a European Year to supporting and fostering creativity, through lifelong learning, as a driver for innovation. The EESC has, on a number of occasions, stressed the importance of encouraging innovation in order to help achieve the goals of the Lisbon Strategy ⁽¹⁾. However, although the EESC supports the framework surrounding the European Year of Creativity and Innovation, it does not believe that this proposal for a decision is the best possible instrument for reaching the stated goal, on the basis of the observations made herein.

1.2 While other European Years have been organised with a long timeframe, enabling proposals to be made up to two years in advance, this time there will only be seven months from the Commission's proposal until the beginning of the Year, during which time the European Parliament and the Council must adopt the decision, and the Commission and Member States organise and coordinate the initiatives to be carried out. The EESC considers that this process is rushed and could jeopardise the Year, which deserves the proper preparation that befits such an important event.

1.3 The proposed decision remains very vague about two aspects that the EESC considers highly relevant and should be clarified in the text of the proposal: i) the funding of the Year and ii) the reference to support or participation from other EU policies and programmes outside the field of lifelong learning.

1.3.1 The EESC accepts the European Commission's proposal inasmuch as there is no need to create specific budgetary appropriations for the Year, and agrees that use could be made of the appropriations for the Lifelong Learning Programme, which includes specific objectives for promoting innovation. However, the EESC points out that the proposed decision does not mention how much might be earmarked for this event, stating only that the budget source is the Lifelong Learning Programme and that other programmes (which are not mentioned or specified) will co-finance the initiatives. In view of the provisions of the proposed decision, the Committee believes that some figures should be provided on the likely expenditure that this initiative will incur. The EESC therefore believes that the proposal should include a budget estimate.

1.3.2 When it comes to the funding support that could be provided from other programmes and policies, the proposal is even vaguer. It could be inferred from the text that since promoting innovation is one of the specific objectives of other programmes such as the Entrepreneurship and Innovation Programme and the ICT Policy Support Programme (both of which are included in the Competitiveness and Innovation Framework Programme), these are the types of programmes that would co-finance European Year activities. In this context, the EESC believes that the proposal should specify which programmes will be used to co-finance the Year and to what extent, and how initiatives will be coordinated between the different co-financing programmes, which are managed by different Commission DGs.

⁽¹⁾ EESC opinion of 13.12.2006 on *Unlocking and strengthening Europe's potential for research, development and innovation*, Rapporteur: Mr Wolf (OJ C 325, 30.12.2006).
EESC opinion of 14.12.2005 on the *Proposal for a Decision of the European Parliament and of the Council establishing a Competitiveness and Innovation Framework Programme*, Rapporteur: Mr Welschke, Co-rapporteur: Ms Fusco (OJ C 65, 17.3.2006).
EESC opinion of 12.7.2007 on *Investment in Knowledge and Innovation (Lisbon Strategy)*, Rapporteur: Mr Wolf (OJ C 256, 27.10.2007).

1.4 On the basis of these arguments, which form much of the body of this opinion, the EESC proposes that the European Commission reconsider its proposal and take into account the comments made herein. The EESC also proposes that the European Parliament and the Council take these points into consideration and modify the text of the decision in those areas which require the greatest clarification.

2. Introduction

2.1 As well as highlighting the need for a European framework defining the new basic skills to be provided through lifelong learning, and emphasising that people are Europe's main asset, the conclusions of the extraordinary European Council held in Lisbon in 2000 stressed that European education and training systems should adapt both to the demands of the knowledge-based society and the need to improve the standard and quality of employment.

2.2 These basic skills or key competences for lifelong learning were identified in the Recommendation of the European Parliament and of the Council of 18 December 2006 ⁽²⁾, and can be considered an essential factor for the innovation, productivity and competitiveness crucial in a knowledge-based society. The EESC issued an opinion on the recommendation at the time ⁽³⁾.

2.3 The conclusions of the European Council held in Brussels on 8 and 9 March 2007 called upon the Member States and EU institutions to continue working to create better framework conditions for innovation and greater investment in research and development. In the section on strengthening innovation, research and education, the Council recognised that Member States were 'determined to improve the framework conditions for innovation such as competitive markets and to mobilise additional resources for research, development and innovation activities'. It therefore invited the Commission and the Member States to 'push forward the implementation of the innovation policy strategy', given that education and training were 'prerequisites for a well-functioning knowledge triangle (education — research — innovation)'.

2.4 The introduction of a European Year of Creativity and Innovation is a good way to contribute to the discussion on the challenges facing Europe, by raising public awareness of the importance of creativity and a capacity for innovation in improving personal development and increasing general wellbeing.

3. Summary of the proposal

3.1 The proposal for a decision establishes 2009 as the European Year of Creativity and Innovation, with the overall objective of supporting the efforts of the Member States to promote creativity, through lifelong learning, as a driver for innovation and as a key factor for the development of the personal, occupational, entrepreneurial and social competences of all individuals in society. In addition to this overall objective, it pinpoints thirteen factors which could contribute to promoting creativity and a capacity for innovation.

3.2 The measures proposed to achieve the stated objectives include conferences and initiatives to raise awareness of creativity and a capacity for innovation, campaigns to promote key messages, identification and dissemination of examples of good practice, and studies conducted on a Community or national scale.

3.3 The proposal establishes the position of national coordinator of the European Year, who will be responsible for organisation. Activities will be coordinated at EU level through meetings of national coordinators organised by the European Commission.

3.4 Lastly, the proposal establishes that funding will come from the Lifelong Learning Programme, without prejudice to the support and co-financing that might be given by programmes in other fields such as enterprise, cohesion, research and the information society.

4. General comments on the proposal

4.1 The EESC fully supports any measures to encourage creativity and promote innovation among EU citizens. In its own-initiative opinion on *Innovation: Impact on industrial change and the role of the EIB* ⁽⁴⁾, the EESC stated that 'innovation must above all build on the basis of broad education and training in line with the criterion of lifelong learning'. Therefore, and in line with this position, the EESC will strongly support the use of any instruments that can help to promote creativity and innovative capacity. However, it does wish to make the following comments on the proposal under consideration.

4.2 The EESC welcomes the initiative to devote a European Year to supporting and promoting creativity among European citizens, through lifelong learning, as a driver for innovation. The EESC has, on a number of occasions, stressed the

⁽²⁾ OJ L 394, 30.12.2006.

⁽³⁾ EESC opinion of 18.5.2006 on the *Proposal for a Recommendation of the European Parliament and of the Council on key competences for lifelong learning*, Rapporteur: Ms Herczog (OJ C 195, 18.8.2006).

⁽⁴⁾ EESC opinion of 11.7.2007 on *Innovation: Impact on industrial change and the role of the EIB*, Rapporteur: Mr Tóth, Co-rapporteur: Mr Calvet Chambón (OJ C 256, 27.10.2007).

importance of encouraging innovation as part of the process to achieve the goals of the Lisbon Strategy. In this context, the Aho report ⁽⁵⁾ considered that a culture of innovation should be promoted in order to address Europe's productivity and social challenges.

However, although the EESC supports the framework on which the Year is based, it does not believe that the proposal for a decision in question is the best possible instrument for reaching the goal put forward, owing both to the content of the document and the form in which it is being drawn up and approved.

4.3 The EESC believes that the basic approach of the initiative is not the most suitable for this type of action. Point 3 of the Explanatory Memorandum, regarding the consultation of interested parties, states that informal discussions have been held with Members of the European Parliament and with the Member States. This means that the proposal has been drawn up using a 'top-down' approach, from the institutions to the citizens.

The EESC considers that a top-down approach, where members of society and organisations have not taken part in planning and developing the Year, is more likely to go unnoticed by the public than if steps had been taken to seek the active involvement of those whose input is ultimately essential for success.

In this context, it is worth mentioning a comment made by the EESC in its opinion on the *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the implementation, results and overall assessment of the European Year of People with Disabilities 2003* ⁽⁶⁾. In the opinion ⁽⁷⁾, the EESC called on the European institutions to favour a bottom-up approach in the preparations of such initiatives in the future. The EESC therefore stresses that this methodology should be used when preparing for the European Years.

4.4 As the European Year of Creativity and Innovation is planned to begin on 1 January 2009, and considering the timeframes that still remain for its adoption by the European Parliament and the Council (first reading), the EESC believes that the agenda for drafting and approving this European Year is extremely rushed. On previous occasions, the EESC adopted

its opinion a year before the start of the European Year ⁽⁸⁾, which illustrates the forward planning shown by the Commission. One good example of this forward planning is the EESC's adoption, at its plenary session of May 2008, of its opinion ⁽⁹⁾ on the *Proposal for a Decision of the European Parliament and of the Council on the European Year for Combating Poverty and Social Exclusion (2010)* ⁽¹⁰⁾.

It might be more sensible to postpone this initiative, without making 2009 a European Year, than to rush into the adoption of a decision that will not be able to meet its objectives because there was not enough time to plan the relevant actions.

4.5 Point 3.2. of the Explanatory Memorandum of the proposal states that the Year is expected to have at least as significant an impact as previous initiatives such as the European Year of Lifelong Learning and the European Year of Education through Sport. However, the proposal does not make any reference to the subsequent analysis of the results of the actions undertaken. It can therefore be assumed that the impact will be analysed either empirically or through indirect indicators from the Lifelong Learning Programme or other programmes concerned by the initiative.

4.6 The EESC agrees with the Commission that the flexibility for setting priorities on an annual or multiannual basis in the Lifelong Learning Programme and other relevant programmes provides a financial margin that is sufficient to ensure that separate resources need not be earmarked for the Year. Promoting innovation is one of the specific objectives of the Lifelong Learning Programme, and others such as the Entrepreneurship and Innovation Programme and the ICT Policy Support Programme, both of which are included in the Competitiveness and Innovation Framework Programme. Therefore, and although the proposal does not explicitly mention the Framework Programme, the EESC believes that the initiative could be organised on the basis of existing programmes and budgets as stated in point 5 of the proposal's Explanatory Memorandum.

⁽⁸⁾ EESC opinion of 8.12.1999 on the *Proposal for a Decision of the European Parliament and of the Council: European Year of Languages 2001*, Rapporteur-general: Mr Rupp (OJ C 51, 23.2.2000).

EESC opinion of 24.4.2002 on the *Proposal for a Decision of the European Parliament and of the Council establishing the European Year of Education through Sport 2004*, Rapporteur: Mr Koryfidis (OJ C 149, 21.6.2002).

EESC opinion of 14.12.2005 on the *Proposal for a Decision of the European Parliament and the Council on the European Year of Equal Opportunities for All (2007) — Towards a Just Society*, Rapporteur: Ms Herczog (OJ C 65, 17.3.2006).

EESC opinion of 20.4.2006 on the *Proposal for a Decision of the European Parliament and of the Council concerning the European Year of Intercultural Dialogue (2008)*, Rapporteur: Ms Cser (OJ C 185, 8.8.2006).

⁽⁹⁾ EESC opinion of 29.5.2008 on the *Proposal for a Decision of the European Parliament and of the Council on the European Year for Combating Poverty and Social Exclusion (2010)*, Rapporteur: Mr Pater, Co-rapporteur: Ms Koller: OJ C 224, 30.8.2008, p. 106.

⁽¹⁰⁾ COM(2007) 797 final.

⁽⁵⁾ *Creating an innovative Europe* EUR 22005 ISBN 92-79-00964-8.

⁽⁶⁾ COM(2005) 486 final.

⁽⁷⁾ EESC opinion of 14.2.2006 on the *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the implementation, results and overall assessment of the European Year of People with Disabilities 2003*, point 1.2, Rapporteur: Ms Anca (OJ C 88, 11.4.2006).

5. Specific comments on the proposal

5.1 Article 2 of the proposal sets down the specific objective of highlighting a number of factors which could contribute to promoting creativity and a capacity for innovation. These factors are divided into three broad categories, each comprising a number of aspects.

The EESC believes that these objectives and/or factors should be clarified, so that the actions to be implemented focus on a number of essential aspects relating to creativity and innovation as key strands of the initiative, the public (particularly young people) as targets for the actions undertaken, and educational establishments and the socio-economic and business network as channels for this action.

5.2 A European Year devoted to Creativity and Innovation should comprise innovative measures to achieve its stated aims. The measures covered in Article 3, while appropriate overall, are those usually employed for any kind of awareness, promotion or publicity campaign. The EESC believes that it would be most instructive, particularly for young people, if the actions proposed included some innovative measure, so as to achieve the objectives of the proposal. For example a competition could be held to find ideas for a tool to help permanently promote creativity and innovation more visibly throughout Europe. Another possibility would be to set up a European prize (yearly or biennially) to enhance and encourage truly innovative ideas and creativeness among young people, in all possible areas and activities.

5.3 Without prejudice to its general comments on the co-financing of the Year through the Lifelong Learning Programme and the Competitiveness and Innovation Framework

Programme, the EESC believes that Article 6 of the proposal should further clarify this aspect, which is of great importance for its success.

5.3.1 The decision should include, at the very least, a budget estimate. This could be expressed as a sum allocated for 2009 and subsequent financial years under the programmes co-financing the Year, or as a maximum percentage of the expenditure under these programmes in the relevant financial years. Either of these solutions would be fitting, as the EESC believes that it is not advisable to leave the estimated cost of this initiative completely undefined.

5.3.2 Article 6 of the proposal begins: 'Without prejudice to the support that may be given to the Year by programmes and policies in other fields such as enterprise, cohesion, research and the information society ...'. The EESC considers that, owing to the ambiguity of this phrase, the type of participation and co-financing from other Commission DGs and programmes relating to education, culture and lifelong learning remains unspecified. The EESC believes that the article should define which programmes will be used to co-finance the Year and to what extent, and how initiatives will be coordinated between the different co-financing programmes, which are managed by different Commission DGs.

5.4 Last but not least, the EESC considers that the text of the proposed decision should include a reference to the assessment of the results and scope of the Year. At the end of the Year, there must be an assessment of the actions carried out and the results obtained so that lessons can be learned in order to prepare for other European Years, and the scope and success of the efforts made can be gauged.

Brussels, 9 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

Opinion of the European Economic and Social Committee on 'A better integration in the internal market as key factor for cohesion and growth for islands'

(2009/C 27/26)

On 27 September 2007 the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on

A better integration in the internal market as key factor for cohesion and growth for islands.

The Section for Economic and Monetary Union and Economic and Social Cohesion, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 3 June 2008. The rapporteur was Ms Gauci.

At its 446th plenary session, held on 9 and 10 July 2008 (meeting of 10 July 2008), the European Economic and Social Committee adopted the following opinion by 118 votes to one with one abstention.

1. Conclusions and recommendations

1.1 The EESC calls on the EU to adopt an integrated approach for a better integration of islands in the Internal Market as a key factor to enhance cohesion and growth of the Union, and thereby to fully achieve the objectives of the revised Lisbon Agenda. Such an integrated approach is justified insofar as, despite their differences (particularly as regards their sizes), islands face common key problems.

1.2 The EESC recommends establishing an integrated framework of Community policies covering all the relevant problems of European islands in a coherent way.

1.3 The EESC underlines the need for sound governance to cope with problems such as: information and communication; quantification and qualification of data; a common strategic vision; networking and clustering; or, civil society participation. Thus, in order to reach such a goal, it is important to create the good conditions necessary to allow island local institutions to assess insularity cost. That is why, there is a need to have in the islands both local statistical services and price indexes. At the end, a common assessment methodology should emerge between all the local statistical services in the European islands.

1.4 At the implementation level, the EESC calls for carrying out an impact assessment on islands for any EU initiative for the internal market; including an 'Island touch' in all EU policies; and implementing simplification of administrative tasks, especially for SMEs.

1.5 Because accessibility is a key issue for islands, the EESC would like to stress the quality of Territorial Continuity. Such a tool should be more developed in the EU. Its use must be operated from the islands to the continent and not the contrary.

1.6 The EESC insists that the Commission present an Annual Report to the European Parliament, the Council, the Committee

of Regions and to itself, monitoring and evaluating the effectiveness of relevant measures taken to solve the European islands problems. In this respect, proposals of actions by the Commission should also be included in this Annual Report. Thus, it can be said that the current opinion is launching a long-term dynamic process.

2. Introduction

2.1 According to the Eurostat definition, an island must:

- have an area of at least one square kilometre;
- be situated at least one kilometre from the continent;
- have a permanent resident population of at least 50 people;
- have no permanent link with the continent; and
- not house an EU capital.

2.2 However, such a definition should be reviewed and refreshed, starting from the simple fact that an island is a territory which cannot be reached on foot. Furthermore the definition of 2.1 does not have a legal basis and is being used only as a reference and in the absence of a better definition which takes into account the new realities of an enlarged European Union which includes Island Member States.

2.2.1 When defining Islands one should also bear in mind Declaration 33 of the Treaty of Lisbon, which states that: 'The [Intergovernmental] Conference considers that the reference in Article 174 to island regions can include island States in their entirety, subject to the necessary criteria being met'.

2.3 Currently, EU island territories belong to fourteen countries of the European Union. About 21 million islanders live in the EU's islands. These island territories offer the EU an economic and geopolitical presence in nearly all the world's oceans, and form an active border with many continents.

2.4 Islands, like Member States, are diverse. That is why the EESC would like to propose the following typologies.

2.4.1 They are diverse from a structural point of view, because some are peripheral islands, whilst others are outermost islands, whose specificities are laid down in the EU Treaty (Article 299, Para. 2) and some are small (a number of them have a population which is less than 50) whilst others are big.

2.4.2 They are also diverse, from an institutional point of view, because some are insular states; some have a regional status and some which are coastal islands, are part of a continental regional authority.

2.5 However, despite all these differences, islands possess characteristics which can differentiate them profoundly from mainland regions, as regards culture, education, transport, environment, etc. These aspects should be studied in greater depth so that a policy for islands may be framed, taking into account both common characteristics and specific features which can have an influence on the opportunities and challenges of individual islands. The EESC proposes to return to this subject at a later date.

2.6 They share common characteristics as regards for instance culture, education, transport (problems of additional costs) and environment.

2.7 The European Commission launched the debate on the future Internal Market with its new Communication 'A Single Market for 21st Century Europe' (20 November 2007) ⁽¹⁾; it is necessary to consider the place of islands in this reflection.

3. Background

3.1 Since a new governance methodology which is characterised by an integrated approach, has been used (particularly with the Green Paper and the Blue Papers on future EU maritime policy), Internal Market issues must not be dealt with separately from Regional ones. The Internal Market is not an end in itself: it is a tool in the service of territories and people.

3.2 Islands have always been looking at how to develop in Internal Market and as such, they have to anticipate the future changes.

3.3 Regional policy is a useful tool for islands. Nevertheless it is a tool which must be developed and improved in an integrated EU framework in order to allow them to be not only legally part of the Internal Market, but also to play a fuller role in it, both economically, socially. In view of the future policy on Territorial cohesion which the Commission is to develop after the Lisbon Treaty, this aspect should to be included in its considerations as well.

⁽¹⁾ The Single Market Observatory (SMO) of the European Economic and Social Committee is currently drafting an opinion on this package (INT/409, rapporteur Mr Cassidy, co-rapporteurs Mr Hencks and Mr Cappellini) and on the 'Social and Environmental Dimension of the Single Market' (INT/416, rapporteur Mr Adamczyk) as a complement to the first. Not yet published in the OJ (adopted in September 2008).

3.4 This integrated framework of Community policies covers not only regional and cohesion policies, but also more particularly the following policy areas: transport; energy and water; education and labour; research, technological development and innovation; competition; industrial policy; the environment; and agriculture and fisheries.

3.5 In the current context, islands must be first examined in the light of the 4th Cohesion Report.

3.5.1 Although the European Institutions support an integrated approach of their policies, it is surprising to note that the Commission does not seem to have an integrated analysis for island difficulties.

3.5.2 In the eyes of the Commission, accessibility is 'a particular problem' that islands have to cope with.

3.5.3 The Commission is right to stress the small size of their population as another problem. Consequently, islands have small local markets, which restricts the growth capacity of island SMEs through the absence of economies of scale. In particular, this restricts their ability to conquer European markets.

3.5.4 Another consequence is that most islands cannot rely on their domestic market ⁽²⁾ which are mostly too small to sustain a 'full-scale' and efficient economy. This simple fact obliges local SMEs to export: it is their sole solution.

3.5.5 Furthermore, one has to take into account the next set of difficulties in view of an island's natural handicap, namely all difficulties related to its insularity. The significant additional cost of transport substantially reduces their competitiveness. Paradoxically, the situation in which transport costs can 'protect' insular markets by restricting competition from the continent may in fact result in monopoly situations developing on the islands.

3.5.6 Insularity is also characterised by the following issue (problems which also determine their long-term development prospects):

— Essential Resources (such as drinking water, energy, raw materials, living space and arable land) are limited, leading to a phenomenon of scarcity and lack of economic diversification. This also causes the problem of mono-activity. This was highlighted in the *Analysis of the island regions and outermost regions of the European Union* ⁽³⁾, which particularly emphasised the lack of drinking water causing acute problems in summer in Mediterranean islands when many tourists are present. Desalination plants have been created but traditional ones consume important quantities of electricity. Many islands lack a sufficient energy supply and must import fossil fuel or electricity via submarine cables.

⁽²⁾ It must be stressed that this point is fortunately recognised by the 4th Cohesion Report as regard Ultra peripheral Regions (COM(2007) 273 final, p. 50).

⁽³⁾ Analysis of the island regions and outermost regions of the European Union, Planistat, March 2003.

- Natural risks have aggravated consequences: islands are ecologically fragile.

3.5.7 Concerning more in particular the question of accessibility:

- Firstly, a remark. The Commission is right when saying that accessibility constraints can be translated into the fact that 'travel time by car or train [are] increased by the sea crossing'. Consequently, islanders and their SMEs face high transportation costs, difficult connection frequencies, social and climatic hazards as a result of their insular location ⁽⁴⁾.
- Secondly, the Commission is also right when it places 'Transport' and 'Communication' at the heart of the competitiveness of the regions. Thus, if the development of urban centres passes by the triple accessibility (Road/Railway/Air) ⁽⁵⁾, such an analysis is all the more true for islands, many of which have also HDSL ⁽⁶⁾ accessibility problems. It takes a special dimension as regard the fact that 'international links and connections to other major economic centres' are top criteria for determining the location of investment ⁽⁷⁾.
- Finally, islands have great difficulties to gain access to the big European Market. As already said, they face high transportation costs and consequently, island SMEs are not attractive. They also suffer from the impossibility of having the same modes of production as continental ones. Because of supplying costs, they cannot work just-in-time. Therefore, production costs are higher.

3.6 All these elements highlight the weaknesses of islands to be integrated in the Internal Market: they do not have all the conditions necessary to take advantage of all the benefits offered by this market of some 500 million consumers.

3.6.1 The EU should avoid a one size fits all policy, and promote the integrated approach mentioned above. The problem for islands is a complex one as they accumulate several handicaps. But they also have to play on their assets which exist and could be the basis of an integrated socio-economic development. For instance: fishery resources, renewable energy sources, economic activities linked to tourism, strong cultural identity, natural and cultural heritage.

3.6.2 Furthermore, it must be stressed that in a document accompanying the afore-mentioned Communication on 'A single market for 21st century Europe', the Commission promotes the idea of access to services of general interest (SGI) throughout the territory of the European Union. As the Commission says, it 'is essential for the promotion of territorial cohesion in the EU'. It adds: 'Territories with a geographical or natural handicap such as outermost regions, islands, mountains, sparsely populated areas and external borders, often face chal-

lenges in terms of access to SGI, due to their remoteness from major markets or the increased cost for connections. These specific needs must be taken into account'. The Commission therefore seems to be very aware of the problem: initiatives in this field are therefore conceivable.

3.7 That is why the question of the integration of islands in the Internal Market has remained problematical since the Single European Act. Islands remain vulnerable territories. As described above, most of them cannot rely on their domestic market; island SMEs need to sell their products and services on European mainland. However, accessibility and single-activity difficulties are obstacles for their competitiveness.

3.8 With all this in mind, the EESC calls for the need to include in future legislation a specific assessment of all relevant proposals for islands. The EESC underlines the need of an integrated approach to island problems to particularly take into account the fundamental principle of proportionality and subsidiarity required by islands.

4. An integrated approach based on European islands assets

4.1 As already stated, the EESC calls for an integrated approach to Europe's island problems accompanied by an integrated framework of Community policies as stated before.

4.2 Islands must find their place in the revision of the Internal Market ⁽⁸⁾. The Communication of 20 November 2007 confirms SME-friendly guidelines as mentioned in the intermediary report of February 2007.

4.3 SMEs must be encouraged to engage in cross-border activities. Such an idea implies the existence of a mechanism of territorial continuity able to help European islanders to go to markets both via their mainland (Member) State, or via a neighbouring (Member) State. Concrete and efficient examples exist. Thus, Bornholm, a Danish island, takes advantage of a publicly subsidised maritime link with Ystad, in Sweden. Territorial continuity also exists between mainland France and Corsica.

4.3.1 This tool of a subsidised maritime link has improved the quality of transport conditions between these two French territories, and would certainly deserve to be developed with Italy (knowing that it is easier for a Corsican to reach the European mainland through Italy than through France). That is why the EESC believes it would be interesting to study the possibility to extend such a practice to all European islands and to 'Europeanise' its use. Also, the experience shows that the implementation of such a tool must be operated from the islands to the continent, and not the contrary.

⁽⁴⁾ The Single European Payment Area (SEPA), launched on 28.1.2008, will however make cross-border payments as easy as domestic ones.

⁽⁵⁾ 4th Cohesion Report (COM(2007) 273 final, p. 65).

⁽⁶⁾ High bit-rate digital subscriber line.

⁽⁷⁾ 4th Cohesion Report (COM(2007) 273 final, p. 60).

⁽⁸⁾ See opinion on the 'Review of the Single Market' (OJ C 93/25, 27.4.2007).

4.3.2 Such 'Europeanisation' of the territorial continuity tool would be a concretisation of cross-border integration as emphasised by the Commission in its Communication 'A single market for 21st century Europe'.

4.4 Having an Internal Market focused on a knowledge-based society which can be translated among others into the spreading of the new information and communication technologies in the EU. Such an idea could really be an opportunity for the diversification of island economies.

4.5 It must be remembered that islands have a natural environment which is favourable to innovation (for instance: renewable energies, blue biotechnologies ...). Knowing that according to the above-mentioned 4th Cohesion Report economic performance and innovation performance are linked, islands have much room to manoeuvre.

4.6 Bearing in mind that most islands are concerned with fisheries activities, bio-energy can be of interest to fish-farmers or fishermen-sailors. Public policies must provide the means to develop such initiatives. Public policies must help islands to develop renewable maritime resources (such as sea swell energy, marine current energy, or again more specifically for outermost regions, ocean thermal energy).

4.7 In the case of agriculture, flexibility in the implementation of the 2 CAP pillars must be allowed to give increased benefit to island farmers.

4.8 Such energies are essential to islands which suffer from a high pressure on their land-use and whose geographical dependence on fossil fuels acts as a brake on their development. Thus, alternatives to such dependence should be found in renewable energies which can constitute other sources for these territories. In this context, islands constitute remarkable places for experimentation and development and in this way can be of service to Europe. As such, Réunion recently announced its wish to commit itself towards a policy of 'all renewable resources'; considerable renewable marine resources have already been identified. Wind power is another good example. El Hierro in the Canaries' Archipelago will be entirely supplied by a combination of wind turbines and hydroelectricity between now and 2009.

4.9 To have an Internal Market based on good European regulation⁽⁹⁾ implies that it is necessary to study how current European laws are implemented and to check if they have the effects that were initially foreseen. Regarding the regulatory problems discussed above, such an initiative would certainly have a positive impact for islands. Maybe, the following pilot project could be undertaken in this respect: according to the Services Directive, the Commission shall, by 28 December 2011 and every three years thereafter, present to the European Parliament and the Council a comprehensive report on the application of this Directive. In this respect, a territorial approach could be taken and the situation in the islands could be assessed in comparison with other regions.

4.10 All these elements contribute toward finding possible solutions for a better integration of islands in the Internal Market in the future. And such integration relies on the achievement of two objectives: attractiveness and diversification.

5. An appropriate implementation of policies in the European Islands

5.1 In order to reach the two objectives mentioned above, the EESC believes that an appropriate implementation of policies depends on the following initiatives.

5.1.1 Ensuring better links between islands and the mainland, thanks to transport and innovation policies.

5.1.1.1 Many island entrepreneurs complain about the extra-cost when their products arrive in a mainland port (because of the transport). Some studies arrive at a 20 % additional cost. However, given that products differ from one to another, precise studies (whose methodology could be based on the one used for Outermost regions) should be carried out. Thus, in order to reach such a goal, it is important to create the good conditions necessary to allow island local institutions to assess insularity cost. That is why, there is a need to have in the islands both local statistical services and price indexes. At the end of this process, a common assessment methodology should emerge between all the local statistical services in the European islands.

5.1.1.2 More generally, islands need efficient services of general interest.

5.1.2 A geographical approach to the Better Regulation Initiative should be adopted, implying:

- Impact assessment of any EU initiative on Internal Market on islands. Not only cross sectoral but also geographic; Including an 'Island touch' in all EU policies.
- Flexibility when applying EU regulations.
- Simplification of administrative tasks, more particularly regarding access to finances for SMEs.
- Public authorities at national, regional and local levels must also adopt such behaviour.
- Therefore, beyond the sole simplification aspect, the necessity of having strategies in place which are coherent from one political level to another must be stressed.

5.1.3 European Civil Servants should be encouraged to follow training in islands in order for them to understand the reality of such particular territories. Thus EESC strongly supports the 'Enterprise Experience Program' and calls on island SMEs to apply for hosting European Civil Servants. This is also the opportunity for them to communicate on the ground, directly, with islanders on European issues. The study group meeting organised in Ajaccio on 7-8 April 2008 has proved this. When meeting EU citizens in member states, the EU and its policies are much more understood and debated.

5.1.4 The importance of regional state aid policies in the future should be emphasised. On this precise point, the EESC strongly supported the proposals of Musotto report, notably:

- 'flexibility in the implementation of existing and future state aid policies, without such flexibility causing unacceptable market distortions within the EU';

⁽⁹⁾ See opinions on 'Better Lawmaking' (OJ C 24/39, 31.1.2006) and 'Better Implementation of EU Legislation' (OJ C 24/52, 31.1.2006).

- studying the possibility of extending the regime allowing operating aids to all island regions which are not island states or inland islands, in the next regional state aid guidelines.

5.1.5 The capacities of island SMEs should be strengthened:

5.1.5.1 To ease the access of SMEs to research & innovation, for instance thanks to tools like JEREMIE. In fact, islands suffer from strong researchers, laboratories and patents shortages. Private research is so weak that public research should be enhanced. The idea of free zones should also be explored. Compared to the situation on the continent, islands are in a backward position, except in cases where there is a voluntarist policy from public authorities, or in others where a sector is so economically important that it allows to reach a threshold likely to create or support research activities. Moreover, such approach goes through the preservation of ancestral know-how, a dimension of innovation which must not be forgotten.

5.1.5.2 To export to Third States. It must be remembered that the Commission in its intermediary report on the revision of Internal Market (February 2007), calls for a future Internal Market to be open to all the world. Such an attitude is confirmed in the Communication 'A single market for 21st century Europe'. In it the Commission calls for 'expanding the regulatory space of the Single market'. This idea could find a concretisation through cooperation programmes between the EU and its Member States with neighbouring countries.

5.1.5.3 To benefit from a highly educated workforce. Islands suffer from the outward migration of young people who prefer to look for university education and high incomes in mainland regions. Even if GDP is not a perfect indicator or criterion, the 4th Cohesion Report stresses that its increase depends on productivity and working population. The EESC strongly believes that initiatives must be encouraged with regard to the development of universities and other high level educational institutions in islands. They are a condition for training of islander inhabitants. For instance: since its reopening in 1981, Corsica University, thanks to an increasing number of its students, has been able to enhance quantitatively and qualitatively the regional human capital. Such an improvement has reduced some labour market imbalances and has supported the expansion of economic sectors (like food-processing, tourism, ICT ...) and enterprises.

5.1.5.4 To rely on their characteristics in order to find the most relevant development. In this respect, the European Commission is right to underline, in its Green Paper on Maritime policy, the fact that 'the diversification of tourist products and services can favour the competitiveness of coastal and Island destinations'. This diversification, because it is in keeping with a (non) technological dimension of innovation, and because it also fits in with the necessity of a global diversification of island economic activities (many islands suffer from mono-activity in tourism), is conditioned by the following prerequisites:

- carrying out a complete inventory of the situation of each European Island;
- listing the full range of island handicaps encountered in the field of tourism;

- determining the level of infrastructures on each of the Islands;
- favouring exchanges and contributing to the development of hotel and transport infrastructure services through the signing of special contracts between the island regions and the European Union;
- studying the possibilities of support and structuring which could be envisaged in order to allow a diversification of tourism (cultural, rural, archaeological, youth, sports, fishing, business tourism ...);
- studying the proposal to implement regional Island tourist development perspective plans which could precede European actions and be made compulsory in order to benefit from specific European financing intended for the EU Island regions registered for the 2007-2013 programming of the structural funds of the 'Regional Competitiveness and Employment' objective;
- determining the methods which would enable the Islands to make the environment a source of economic activities (with notably the development of tourist welcoming strategies based on eco-hotels, bio-restaurants, open air activities, bio-discovery trips ...). And such initiatives more particularly apply to cottage industries.

6. Sound Governance in order to take into account properly the situation of European islands

6.1 The EESC proposes implementing the following proposals in the legislative process:

6.1.1 Having the best information on the situation of islands. The importance of updating and collating further statistics on islands cannot be stressed enough. These are the necessary tools for accurate public policies (at European, national, and regional levels). Such an approach should be first based on a case by case assessment which takes into consideration among other things the specific socio-economic situation of islands. It would also be the opportunity to think about the relevance of the GDP criteria in the appraisal of regional difficulties.

6.1.1.1 Thus, a prerequisite to the conception and implementation of any Community policy regarding islands is the existence of sufficient and reliable statistical data and of relevant indicators. The GDP criteria, as well as unemployment rates, is notoriously inappropriate, at least taken on its own, to provide a satisfactory understanding of the realities of island territories, and of the intricate mechanisms which make them different from the rest of the Community.

6.1.1.2 This situation is not new, but it has long been overshadowed by the fact that, since the large majority of the EU island population was receiving the maximum level (Objective 1) of assistance anyhow, there was little practical point in addressing such a complex issue. However, the enlargement process, and its ensuing 'statistical effect' (i.e. the relative enrichment of erstwhile less-favoured territories) have highlighted the need to describe the situation and needs, of island territories by better and more targeted statistical indicators.

6.1.1.3 As suggested by the Musotto report: 'further work should be oriented towards defining more pertinent statistical indicators that are more amenable to providing a distinct statistical picture of the development level, and a satisfactory understanding of the regions with geographical and natural handicaps, and particularly where there are accumulated difficulties, such as mountain ranges, groupings of islands, and cases of double insularity [...] These indicators should also permit an improved assessment of the differences between these regions and the rest of the EU as well as an assessment of the disparities existing within those regions.'

6.1.2 Having an inter-service group for islands within the Commission in order to ensure an integrated approach when dealing with their difficulties.

6.1.3 The EESC invites local public authorities and civil society to work together (and for those which have been already doing it, to keep on) in order to elaborate common development strategies. It is necessary that island communities have a project approach in the framework of a positive partnership.

6.2 The EESC believes that in the interest of good governance a regular review of the island situation should be undertaken and requests that the Commission present an Annual Report to the European Parliament, the Council, the Committee of Regions and to itself, monitoring and evaluating the effectiveness of relevant measures taken to solve the European islands problems. In this respect, proposals of actions by the Commission should also be included in this Annual Report. Thus, it can be said that the current opinion is launching a long-term dynamic process.

7. Final remarks

7.1 In conclusion, the question of the better integration of islands in the Internal Market could maybe lead interested parties to explore two different ways compared to the ones evoked above.

7.2 The use of enhanced cooperation between Member States having islands or insular Member States (Portugal, Spain, France, Italy, Greece, Malta, Cyprus, UK, Ireland, the Netherlands, Denmark, Estonia, Finland, Sweden). As regard the conditions to be gathered to reach such a goal for having a European Island Policy, this solution can seem to be impossible to implement. Therefore, as far as the proposal must come from States, a bottom-up approach should be chosen. That is why, as said

before, development strategies at the local level are necessary. In this prospect, the Operational programmes (in the framework of the Structural Funds 2007-2013 could be considered as a good basis for the future period 2014-2020).

7.3 The future European legal framework can improve the current solutions, thanks to the Lisbon Treaty and the rewriting of Article 158 EC Treaty.

7.3.1 The future new Article 158 amended by the Lisbon Treaty reads as follows:

- a) in the first paragraph, the words 'economic and social cohesion' shall be replaced by 'economic, social and territorial cohesion';
- b) in the second paragraph, the words 'or islands, including rural areas' shall be deleted;
- c) the following new paragraph shall be added: **'Among the regions concerned, particular attention shall be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions.'**

7.3.2 Such rewriting is in line with the fact that, thanks to the Lisbon Treaty (which needs to be firstly ratified), the territorial dimension is the new element of the European cohesion. This recognition highlights the EU's intention to take into account all the realities of its territory. Thus, the future new Article 158 is a concretisation of such a will.

7.3.3 Defining territorial cohesion is not an easy task. Certainly, the future Green Paper will be an interesting opportunity to be informed of the different existing approaches. In this prospect, the EESC believes that thinking about territorial cohesion is looking beyond mere pure economic statistics to consider also the apparent geographic realities of the territory and the resulting vulnerabilities which have the potential — for some territories — to seriously threaten socio-economic cohesion. Working on territorial cohesion is looking for the means to enhance cooperation *within the island territory as well as* between all territories (certainly, an increase of the Structural Funds dedicated to this Objective should be supported for the next program after 2013), and to enhance partnership between all interested parties (Public authorities, and Civil Society) in the elaboration and implementation of relevant policies.

Brussels, 10 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

Opinion of the European Economic and Social Committee on ‘The reasons for the difference between perceived inflation and actual inflation’

(2009/C 27/27)

On 17 January 2008 the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on:

The reasons for the difference between perceived inflation and actual inflation.

The Section for Economic and Monetary Union and Economic and Social Cohesion, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 3 June 2008. The rapporteur was **Mr Derruine**.

At its 446th plenary session, held on 9 and 10 July 2008 (meeting of 9 July), the European Economic and Social Committee adopted the following opinion by 125 votes in favour, with two abstentions.

1. Recommendations

1.1 As already recommended by the Committee, ‘Statistics on wages (and perhaps incomes) should be broken down into at least quintiles, in order to gauge the impact of wage policy on price stability more clearly’ ⁽¹⁾. Paragraph 4.3.3 demonstrates the differences in consumption profiles according to income. Moreover, the marginal propensity to consume also varies, so it is important to be able to identify which income group benefits from which wage increase (in %). Without this information, monetary policy might react inappropriately to wage and salary increases.

1.1.1 In addition, following the example of the study carried out by the Belgian National Bank ⁽²⁾, the European Commission and/or the European Central Bank should publish figures at least once a year on the impact of inflation on household purchasing power by level of income.

1.1.2 Europe's islands should all have statistical services and a price index at local level to allow for objective measurement of the additional costs imposed by their island status. Their statistical services should develop a common evaluation methodology for this purpose.

1.2 Similarly, the Member States and Eurostat should be asked to make more use of the price data they collect in order to produce detailed indices breaking down price rises by category of distribution circuit and by category of products, ranking them according to whether they are bottom of the range, medium-range or top of the range. The fear is that bottom-of-the-range products, particularly foodstuffs, have experienced even larger price increases. An international comparison of the price data collected by the institutions responsible for calculating inflation could help to answer the questions raised in point 1.4. The EESC also wonders whether it might be useful to consider developing a price index for older people.

1.3 The Committee hopes that the work being done at Eurostat to develop rigorous methods for incorporating changes in housing costs into the inflation index will be completed quickly and will produce operational proposals to be presented to the economic and social partners involved. As a general point, the Committee would like to be involved in the methodological reviews of the HICP carried out by Eurostat.

1.4 The European Commission should examine the simultaneous trend in the indices of consumer prices, production prices and import prices, because it is surprising that the import prices of certain indicators have fallen sharply but this has not been felt by the final consumer. It would be unacceptable if consumers were allowing themselves to be overcharged because they lacked certain vital information. This would only rebound on the single currency, which would suffer a blow to its reputation which it could do nothing about.

⁽¹⁾ See EESC opinion on ‘Economic and social consequences of developments on the financial markets’, OJ C 10, 15.1.2008, p. 96, section 1.14.

⁽²⁾ Banque Nationale de Belgique *L'évolution de l'inflation en Belgique: une analyse de la Banque nationale de Belgique réalisée à la demande du gouvernement fédéral* (The inflation trend in Belgium: any analysis by the Belgian National Bank carried out at the request of the Federal Government), *Revue économique*, 2008, p. 17.

1.5 Although it is aware of the difficulties Eurostat faces in collecting the data, the Committee wonders whether it would be possible to publish the data on private household consumption a little faster. It currently takes three years for the data to appear (so the figures for 2005 were not published until 2008!). Some data (particularly on income distribution) have not been updated since 2001. Also, in view of the pace of social change, it might be better to shorten the time between surveys (currently six years).

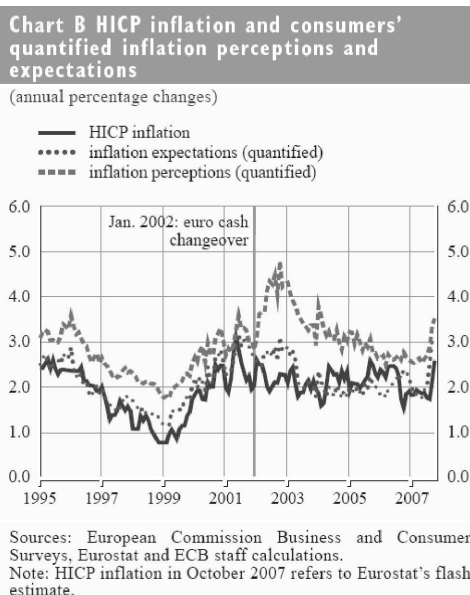
1.6 Finally, the EESC recommends supporting the public institutions and NGOs which provide information for consumers and help them to make choices that are becoming increasingly difficult as marketing techniques and service packages become more sophisticated.

2. Introduction

2.1 Since its launch (exchange rate parities fixed in 1999, introduction of euro notes and coins in 2002 for the first members of the EMU) the single currency has been the subject of every possible criticism: while the euro was initially mocked for its depreciation against the major world currencies, its rise in value over the last three years has prompted fears about the competitiveness of European businesses abroad. Some governments have also fuelled this criticism in order to distract attention from their own economic policy mistakes. A small minority have even blamed the single currency, at least partly, for the lack of genuine convergence between the countries of the euro area, leading to calls for their country to withdraw from the euro area.

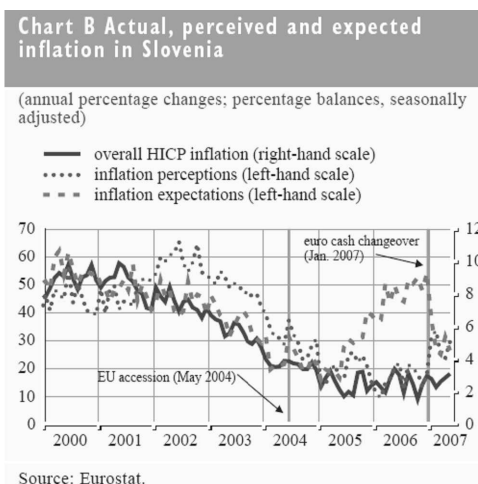
2.2 The statistics on the harmonised index of consumer prices (HICP) show that inflation fell significantly during the third phase of the preparation for EMU and has remained at a historically low level ever since, probably because the fact that it is easier to compare prices has stimulated competition and curbed price rises. However, a large majority of Europeans blame the euro for the difficulties experienced by their national economy and believe that the changeover to the euro created inflationary pressures which have eroded their purchasing power. Moreover, some people would support a return to dual price displays, which would be a severe setback for the supporters of European integration. The result is a distrust of the euro and, more generally, of Economic and Monetary Union. So, whereas in September 2002 59 % of Europeans regarded the single currency as 'advantageous overall' compared to 29 % who were sceptical (Eurobarometer survey, 2006), four years later enthusiasm for one of Europe's most important political initiatives of the last 20 years had been severely eroded, with 81.4 % of the public believing that the euro had led to price rises.

2.3 Until the introduction of the euro, consumers' perception of inflation broadly corresponded to that of the HICP. Since 2002 this has no longer been the case, with the divergence being greatest in 2003 and subsiding slightly thereafter. Since 2006 the gap has widened again. Since the end of 2004 perceived inflation has stabilised around a level higher than that recorded in 2001.



2.4 In the majority of the countries that joined the EU in 2004 actual inflation increased at the time of accession — or even in 2003 — as a result of the increase in indirect taxation and administered prices, particularly in agriculture. It subsequently came down again in a number of countries, but perceived inflation increased more rapidly. The Czech Republic is the only country where perceived inflation is lower than actual inflation, according to data from early 2008.

2.5 If we take the case of Slovenia, which is the first of these countries to have adopted the single currency, we also find that perceived inflation rose sharply in 2007 with the introduction of euro notes and coins and that expectations of price rises during the two years preceding the changeover 'prepared the way' for this rise.



2.6 These doubts about the health of the euro are in contrast to the positive verdict of European and non-European countries alike: according to the IMF, the euro's share in international reserves increased from around 18 % in 1999 to around 25 % in 2004. This success is even more marked in the emerging economies. The fact that 37 % of all foreign exchange transactions worldwide and between 41 % and 63 % of imports/exports are denominated in euros is proof of its success.

2.7 The aim of this own-initiative opinion is to explain the inflation trend and the reasons behind the persistent gap between inflation as perceived by the general public and actual inflation and, where appropriate, to formulate recommendations.

3. Price trend in the euro area and the three countries that are not members

3.1 Many Europeans believe that the euro has caused prices to rise. However, if this were the case, there would be differences between inflation in the countries of the euro area and inflation elsewhere. Yet the price trend in the euro area was similar to that in the three countries which did not have the single currency at the time (Denmark, Sweden and the United Kingdom).

3.1.1 The correlation matrix shows the extent of the similarity between price movements in the euro area and the three other countries, on the one hand, and between price movements in each of these countries, on the other. The figures in each cell vary between 0 (no correlation) and 1 (perfect correlation).

Correlation matrix, 2000-2002

	Euro area	Denmark	Sweden	United Kingdom
Euro area	1.00	0.52	0.67	0.67
Denmark		1.00	0.35	0.47
Sweden			1.00	0.47
United Kingdom				1.00

Correlation matrix, 2002-2004

	Euro area	Denmark	Sweden	United Kingdom
Euro area	1.00	0.29	0.78	0.80
Denmark		1.00	0.34	0.40
Sweden			1.00	0.75
United Kingdom				1.00

Source: Eurostat; own calculations.

3.1.2 The correlation between inflation in the euro area and in the United Kingdom and Sweden increased following the introduction of the euro. The opposite was true in the case of Denmark. However, the correlation between Danish and UK prices declines and the correlation with Swedish prices remains stable but weaker.

3.1.3 It is also striking that, with the exception of the pair Denmark-UK, the correlation between these three non-euro countries is stronger with the euro area than among themselves.

3.2 This shows that the price movements within the euro area cannot be attributed to the euro, because they have been similar to those in the countries which did not adopt the single currency.

3.3 The table below shows the 12 main categories of goods and services (individual consumption of households by purpose) which are used to calculate the HICP, their respective weighting and the rate of price increase in the two years preceding and following the introduction of the euro. The conclusion at this level is that only three of the categories show a marked acceleration in prices: alcoholic drinks and tobacco (for which the price rise can be explained by higher excise duties), health and transport. At the same time, it is true that a more detailed breakdown of the figures reveals a price acceleration in certain areas (e.g. rental price inflation increased from + 1.5 % between 2000 and 2002 to 2 % between 2002 and 2004).

Euro area	2000-2002	2002-2004	Price acceleration	Average weighting 2000-2004
cp00 All items HICP	2.31	1.99		
cp01 Food and non-alcoholic beverages	4.47	1.50	×	157.91
cp02 Alcoholic beverages, tobacco and narcotics	3.11	5.42	✓	39.71
cp03 Clothing and footwear	0.64	- 0.09	×	75.87
cp04 Housing, water, electricity, gas and other fuels	2.81	2.19	×	154.96
cp05 Furnishings, household equipment and routine household maintenance	1.68	1.12	×	79.84
cp06 Health	1.59	4.93	✓	36.04
cp07 Transport	1.49	2.51	✓	153.67
cp08 Communications	- 5.07	- 0.73	✓	28.23
cp09 Recreation and culture	1.22	0.10	×	98.10

Euro area	2000-2002	2002-2004	Price acceleration	Average weighting 2000-2004
cp10 Education	3.46	3.49	✓	9.21
cp11 Hotels, cafés and restaurants	3.69	3.23	✗	91.25
cp12 Other goods and services	2.86	2.53	✗	75.25

Source: Eurostat; own calculations.

4. Reasons for the difference between perceived and recorded inflation

4.1 Socioeconomic explanations

4.1.1 The introduction of the euro came just months after 11 September, at a time of profound global (and economic) insecurity. This was exacerbated by the economic downturn, which was in stark contrast to the high growth years 1999 and 2000.

4.1.2 One explanation for the persistent gap between perceived and actual inflation lies in a combination of factors: the frequency of purchases of the various goods and services which feature in the calculation of the HICP; the change in their respective prices; the importance attributed to them by consumers.

4.1.2.1 The following table tries to objectivise these factors by grouping all of the HICP indicators into five 'families': goods and services which are bought on a regular basis (at least once a month), those which are bought less frequently and those where the frequency of purchase can vary according to the individual and the circumstances. In the case of the first two categories a distinction is also made according to whether or not the goods or services in question are subject to strong national or international competition.

4.1.2.2 It is clear from the table that, overall, the prices of indicators which are subject to weak competition have increased much faster than average inflation in the period 2000-2007 (+ 2.12 %). The table also confirms that the prices of goods bought less frequently and subject to strong competition have done a great deal to limit inflation (+ 0.37 %), because they account for a large share of inflation (with a weight of 27 %, second only to 'regular purchases/weak competition' category with 34 %).

Categories of indicators	Degree of competition	Annual % increase 2000-2007	Contribution to HICP	Weight in HICP
Regular purchases	weak	2.34	0.92	339.4
	strong	2.00	0.06	28.8
Irregular purchases	weak	2.91	0.51	204.7
	strong	0.37	0.26	269.1
Variable	—	2.38	0.37	157.88
HICP		2.12	2.12	1000.0

Source: Eurostat; own calculations.

4.1.2.3 The role of irregular purchases subject to strong competition reflects the trends in international trade and the structural changes occurring here. In 1995 two-thirds of manufacturing imports from non-euro area countries came from high-cost countries. By 2005 this proportion had fallen to 50 %. The decline is due to the United Kingdom, Japan and the United States, while the share of emerging economies and, to a lesser extent, the new Member States, has increased. Changes in exchange rates may also have encouraged/discouraged trade with partners in the euro area.

Share of countries/groups of countries in imports to the euro area

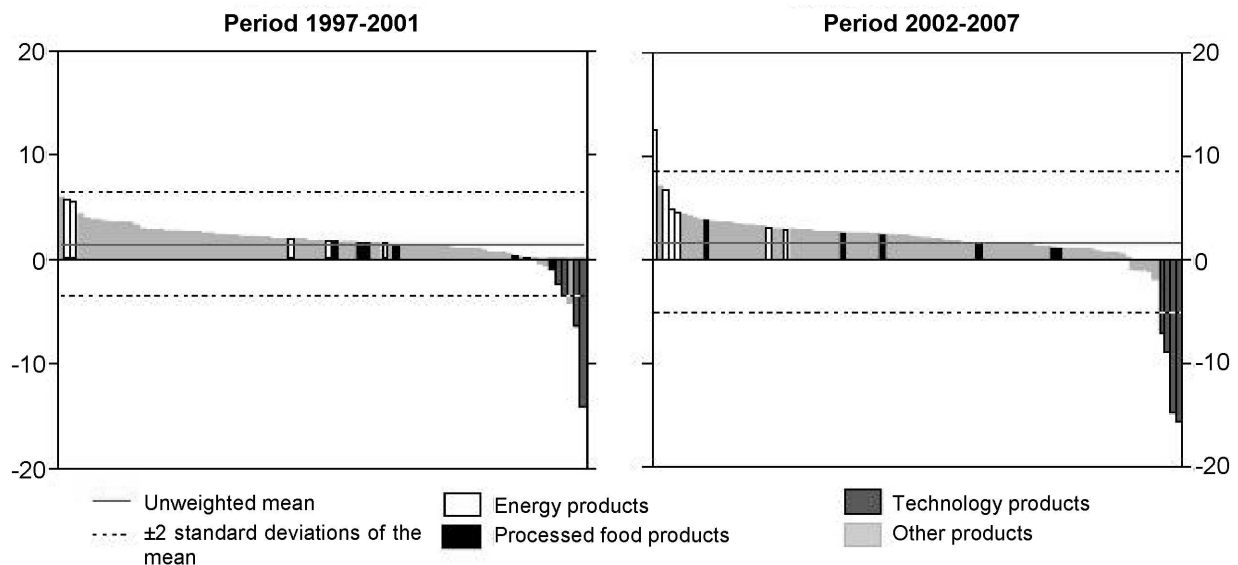
	high-cost countries	of which			low-cost countries	of which	
		United States	Japan	United Kingdom		China	New Member States
1995	65.7	16.1	10.7	20.3	34.3	5	8
1997	65.2	17.7	9.6	21.2	34.8	5.8	8.4
1999	64.1	18.4	9.8	19.6	35.9	6.3	9.8
2001	60.2	18.1	8.5	18.6	39.8	7.9	11.6
2003	55.1	15.1	7.8	16.6	44.9	11	14
2005	50.7	13.9	6.7	15	49.3	14.8	13.1
Change 1995-2005	- 15.0	- 2.2	- 4.0	- 5.3	15.0	9,8	5.1

Source: European Central Bank, Monthly Bulletin, August 2006.

4.1.3 Prices have been much more volatile since 2002 than they were during the years preceding the introduction of euro notes and coins.

Dispersion of relative price changes (percentage annual variation)

EURO AREA



Source: European Commission, Belgian National Bank, February 2008

4.1.4 The level of household income also explains how price changes are perceived. In addition, different perceptions in the population may be reinforced by the increase in the number of people living on their own, who have only one salary/income to cover all their expenditure. The situation is particularly difficult for those with dependent children, the low-paid, the unskilled, women (who still suffer from discrimination in wages and employment) and those on flexible employment contracts.

Chart 2a Euro area consumers' perception of inflation and of their own financial situation

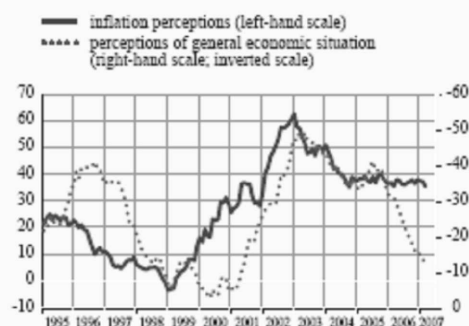
(percentage balances; seasonally adjusted)



Source: European Commission Consumer Survey.

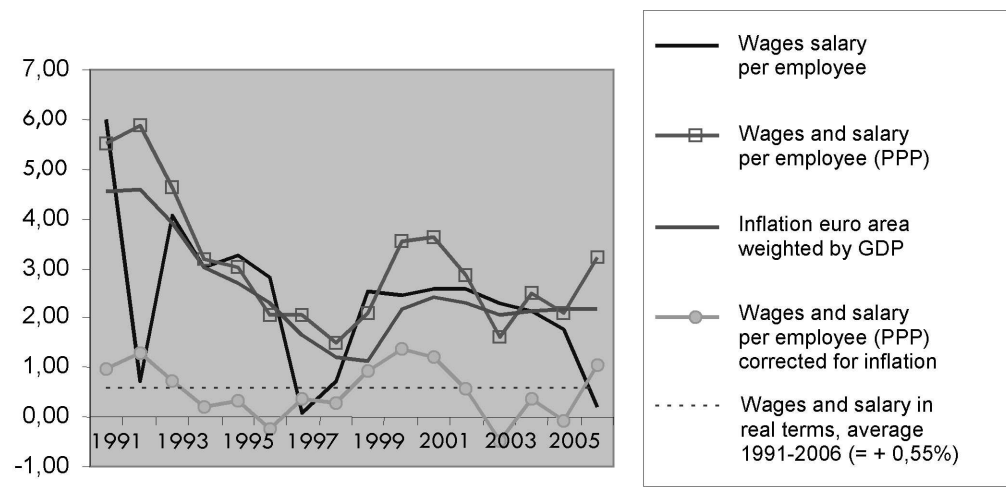
Chart 2b Euro area consumers' perception of inflation and of the general economic situation

(percentage balances; seasonally adjusted)



Source: European Commission Consumer Survey.

Source: 'Measured inflation and inflation perceptions in the euro area', ECB Monthly Bulletin, May 2007, pp. 63-72

Euro area: inflation and salaries per person, 1991-2006
(source : OECD, IMF, Eurostat ; own calculations)

4.1.5 It should be noted that the characteristics of the goods and services making up the HICP may change from one year to another to reflect an improvement in their quality, without their price being changed. However, as the index does not take account of such a change, this will be recorded as a fall in the price in the index (even though it is quite possible that the good or service is no longer available on the market in its previous form. The fall in price is then just theoretical and does not correspond to a real situation). According to the ECB, 'The expenditure weight of items which typically improve significantly in quality on a frequent basis is estimated at around 8-9 % of the overall HICP'. Examples of this would include cars, computers and mobile phones.

4.1.6 It is also worth mentioning the practice of certain retailers and companies which took advantage of the introduction of euro notes and coins to round up their prices (rents), although some additional costs could be justified as a result of relabelling, etc. In other cases price rises had not been passed on immediately because operators preferred to 'kill two birds with one stone' and deferred the price increase until the changeover to the euro. Eurostat estimates that the changeover to the euro accounted for between 0.12 and 0.29 percentage points in the overall HICP of the euro area in 2002.

4.1.7 Finally, a number of isolated events, unrelated to the single currency, coincided with the changeover to the euro and may have contributed to an increase in perceived inflation. These include the steep rise in the price of oil (+ 35 % between December 2001 and April 2002) and the poor harvests caused by the severe winter weather in Europe, which also affected economies outside the euro area.

4.2 *Psychological explanations*

4.2.1 Consumers may be more sensitive to price rises than to price reductions, whatever the product involved, and this sensitivity may have been exacerbated by the leap in the dark that the new single currency represented, by the mistrust caused by the larger number of different prices displayed for the same product following the changeover to the euro and by the size of the expenditure linked to those goods and services that did go up in price (rent, food, petrol).

4.2.2 Because the housing costs of owner-occupiers are currently excluded from the HICP basket, the sharp rise in property prices in certain countries may explain the difference between perceived and actual inflation.

4.2.3 It is also the case that consumers who convert the euro price of a product they are planning to buy into the old national currency take as their reference point the price that applied before the introduction of the euro. This skews the calculation because the old price will no longer be up to date because of inflation ⁽³⁾.

4.2.4 Another point worth noting is that consumers, and indeed observers, commonly confuse changes in purchasing power with growing expectations as regards standard of living. Many indices suggest that consumers' expectations about the standard of living are driven up even more than before by frequent technological changes, the appearance of new products or services (which tend to be added to normal consumption), ever more sophisticated marketing and the speed with which consumer items become the accepted norm thanks to social pressure. So, for example, buying a GPS on top of your other consumer purchases, or substituting ready-washed or prepared vegetables for ordinary ones, may feel as if it depresses your purchasing power, but in fact the pressure on household budgets is due to expectations rising more rapidly than incomes.

4.3 *Methodological explanations*

4.3.1 The aim here is not to call into question the validity of the HICP, which is based on monthly observation and recording by the national statistical offices of over 700 representative goods and services, equivalent to nearly 1.7 million observations in 180 000 sales points a month.

4.3.2 However, it is important to remember that the harmonised index of consumer prices is the product of certain conventions, primarily as regards (1) the choice of the goods and services which will serve as indicators and will be used to compile the index, and (2) the weighting of each of these indicators.

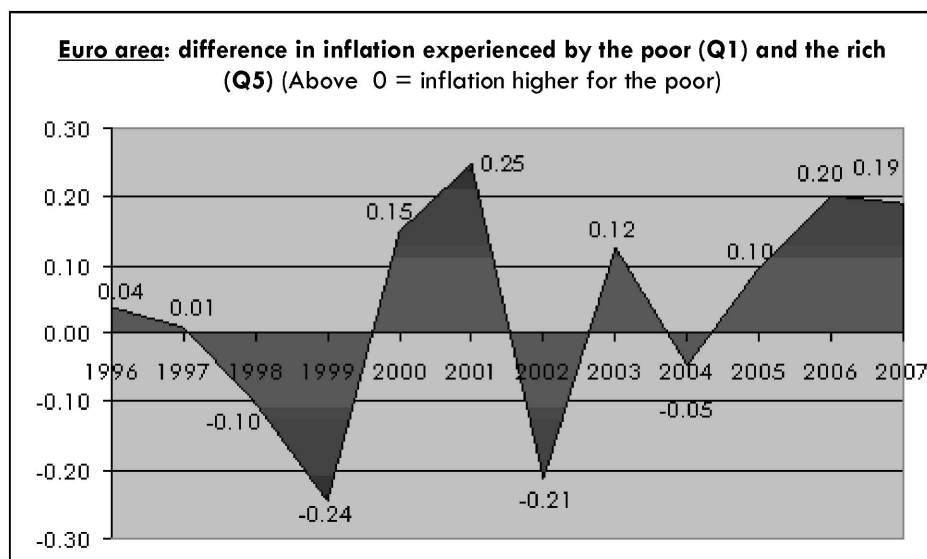
4.3.3 However, as the following table shows, the structure of households' expenditure varies according to their income. The widest variations are to be found in expenditure on actual rentals for housing, which is five or six times greater for the 20 % of households that are least well off than for the richest 20 %, where properties may be either rented or owner-occupied. They therefore have a different view of changes in property prices. The poorest households also spend 81 % more of their income on food and non-alcoholic beverages, making them more susceptible to surges in food prices on the world markets. Richer households spend 67 % more on new vehicles than households in the first quintile. Given that the price of new vehicles increased much more slowly than the HICP in the period 2000-2008, they have benefited greatly from this favourable trend.

⁽³⁾ For example, I plan to buy a car at the end of 2002 and recall that the year before it would have cost me 100. I take 100 as my reference point today, but since then, inflation measured by the HICP has been 2.2, so the price I should use as a reference is not 100 but 102.2. If I do this in 2007 the gap will be even greater, because the price would be 114!

Euro area — HICP = 1000 (2005)	Average annual % increase (2000-2008 HICP = 2,3)	1st quintile	5th quintile	Difference between 1st and 5th quintile (%)	Average consumer expenditure (PPS)	Weight in HICP	Difference
<i>cp01</i> Food and non-alcoholic beverages	2.5	195	108	80.6	143.3	154.91	11.6
<i>cp02</i> Alcoholic beverages, tobacco and narcotics	4.1	29	17	70.6	21.4	40.71	19.3
<i>cp03</i> Clothing and footwear	1.4	54	62	– 12.9	60.3	74.20	13.9
<i>cp04</i> Housing, water, electri- city, gas and other fuels	3.1	325	251	29.5	278.9	150.50	– 128.4
<i>of which: cp041</i> Actual rental for housing	1.9	134	24	458.3	53.8	63.50	9,7
<i>cp042</i> Imputed rental for housing	—	106	151	– 29.8	143.9		—
<i>cp05</i> Furnishings, household equipment and routine household maintenance	1.3	41	69	– 40.6	56.8	76.5	19.7
<i>cp06</i> Health	2.5	31	42	– 26.2	35.7	41.67	5.9
<i>cp07</i> Transport	2.8	92	146	– 37.0	125.6	153.31	27.7
<i>of which: cp071</i> Vehicle purchases	1.2	23	70	– 67.1	48.1	47.93	– 0.1
<i>cp08</i> Communications	– 2.7	37	24	54.2	28.6	29.19	0.6
<i>cp09</i> Recreation and culture	0.6	64	90	– 28.9	83.0	94.66	11.7
<i>cp10</i> Education	4.0	7	10	– 30.0	8.7	9.49	0.8
<i>cp11</i> Hotels, cafés and restaurants	3.2	42	67	– 37.3	55.2	93.19	38.0
<i>cp12</i> Other goods and services	2.3	85	113	– 24.8	102.5	81.67	– 20.8
<i>of which: cp121</i> Personal care	1.9	27	25	8.0	26.1	26.36	0.2
<i>cp125</i> Insurance	2.5	44	63	– 30.2	55.2	18.60	– 36.6

Source: Eurostat; own calculations.

4.3.3.1 The table below shows the differences in the inflation experienced by groups at opposite ends of the revenue spectrum, depending on their consumption profile. It traces the gap between them since 1996. In the past 12 years the inflation affecting the poorest households has exceeded that of the richest six times. The opposite has been true three times and in three years there were no significant differences.



4.3.3.2 In addition to this structural effect, it appears that in times of rapidly rising food commodity prices the poorest households who buy cheap brands or shop at the hard discounters will be hit even harder because the food raw materials account for a higher proportion of the price paid by the final consumer (the share of packaging and marketing costs, etc. being smaller).

4.3.3.3 Moreover, the poorest households cannot reduce the impact of higher prices on their budget because their savings rate is structurally low and they have greater difficulty in obtaining credit. Indeed they are in danger of falling into the debt trap.

4.3.3.4 This finding also applies at Member State level because, as can be seen from the table below, households devote different proportions of their income to different categories of goods and services depending on their geographical location (island status entails high transport costs, for example) and their level of socioeconomic development (Romanian and Bulgarian families spend nearly three times as much of their income on food as their counterparts in other countries), etc. The two last columns show the extent to which the relative expenditure of each group of countries or within the euro area are homogeneous (the lower the coefficient of variation, the greater the homogeneity). While there are strong similarities between the countries of the euro area, this is less true of other groups of countries. This shows the limits of the HICP which, being based on average weightings, cannot, by definition, reflect the specific situation of different countries. The countries joining the euro area should not underestimate this point, given the implications for monetary policy and inflation.

	euro area (excl. Lux)	3 old MS outside euro area	new MS outside euro area (excl. Cyprus, Malta + Slovenia)	Cyprus, Malta	Romania, Bulgaria	coefficient of variation between these groups	coefficient of variation within euro area
Housing, water, electricity, gas and other fuels	26.11	30.57	22.86	15.33	25.15	0.23	0.10
Food and non-alcoholic beverages	14.24	11.06	25.85	18.17	37.88	0.50	0.18
Transport	12.94	13.82	10.22	15.60	5.73	0.33	0.16

	euro area (excl. Lux)	3 old MS outside euro area	new MS outside euro area (excl. Cyprus, Malta + Slovenia)	Cyprus, Malta	Romania, Bulgaria	coefficient of variation between these groups	coefficient of variation within euro area
Other goods and services	10.14	7.65	6.25	6.89	3.07	0.38	0.29
Recreation and culture	8.65	12.33	6.98	8.02	3.54	0.40	0.32
Hotels, cafés and restaurants	6.21	5.27	3.97	7.68	2.34	0.40	0.35
Alcoholic beverages, tobacco and narcotics	2.61	2.56	3.05	2.32	4.78	0.32	0.40
Furnishings, household equipment and routine household maintenance	5.77	6.34	5.00	8.30	3.39	0.31	0.13
Clothing and footwear	5.70	4.92	6.02	8.04	4.66	0.23	0.21
Health	3.53	2.12	3.54	3.89	4.07	0.22	0.44
Communications	3.06	2.73	5.21	3.16	4.72	0.29	0.17
Education	1.05	0.63	1.05	2.59	0.66	0.68	0.61

Note: no data available for Luxembourg.

4.3.4 Similarly, there is sometimes a considerable difference between the average structure of consumer expenditure and the way the indicators are weighted in the HICP. Thus, on average, households in the euro area spent 27.5 % of their income on housing, water and energy, yet this heading counts for only 16.3 % of the HICP. Health and insurance are also under-weighted. On the other hand, the HICP over-weights food, transport and the 'hotels, cafés and restaurants' heading.

Brussels, 9 July 2008.

The President
of the European Economic and Social
Committee
Dimitris DIMITRIADIS

Opinion of the European Economic and Social Committee on 'The role of civil society in EU pre-accession aid programmes in the Republic of Albania'

(2009/C 27/28)

On 16 February 2007 the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on

The role of civil society in EU pre-accession aid programmes in the Republic of Albania.

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 12 June 2008. The rapporteur was Ms Florio.

At its 446th plenary session, held on 9 and 10 July 2008 (meeting of 9 July), the European Economic and Social Committee adopted the following opinion with 122 votes in favour and one abstention.

1. Introduction

1.1 It is of vital importance for Europe, both now and in the future, that the whole Western Balkans region be stable, peaceful, developed and integrated. The need for the EU to step up its policy towards the region's countries has therefore become increasingly apparent in recent years.

1.2 Given its geographic position facing the Mediterranean and its importance in the sometimes fragile equilibrium of the region, Albania merits particular attention from the EU institutions. For over ten years, the Euro-Mediterranean partnership has been the central framework for relations between the EU and its southern Mediterranean partners, with the aim of achieving long-term stability in the region. Albania joined the partnership in early November 2007.

1.3 EU action in Albania involves a series of measures to promote the economic, democratic and social development of its institutions. Local authorities and civil society are at the centre of programmes aimed at encouraging public involvement in the journey towards EU integration.

1.4 Through this own-initiative opinion, the EESC aims to highlight the role of civil society and the need to monitor both the progress made and the obstacles that remain as regards strengthening Albania's democratic institutions and integrating it more closely with EU policies.

1.5 A delegation of EESC members, representing the Committee's three groups, visited Tirana on a mission to Albania from 31 March to 1 April 2008. This provided an opportunity to meet many people representing Albanian civil society organisations; the dialogue was particularly constructive and has helped shape this opinion.

2. Conclusions and recommendations

2.1 Civil society in all its forms has a vital role to play in the democratic and civil development of all countries ⁽¹⁾. This is

particularly the case in a country like Albania which, strengthened by its important geo-political position, has made significant progress in recent years in building up democratic institutions and engaging with European and other Western organisations (such as NATO).

2.2 To achieve inclusive and democratic social progress, the people need to have an input into the policies adopted by government, and these must be monitored.

2.3 **The EESC therefore points out that the European Commission delegation to Albania should devote more attention and resources to the activities of civil society as a whole, which should be among its priorities.** Civil society activities should be stepped up in the country's rural and less-developed areas.

2.4 Given that a number of international players are present in Albania, supporting the work of its civil society through various projects, and in view of certain difficulties and specific features inherent to the country's social fabric, the way in which the EU conducts its relations is very important. In particular, access to funding should be conditioned by certain requirements favouring organisations with established, clearly defined objectives, and which are genuinely representative of the people.

2.5 In any evolving society, tripartite social dialogue has a key role to play. The EESC welcomes the progress made since 1996 with the establishment of the National Labour Council; to date, however, there have been problems with the way this body operates. There is a need for more transparency, participation and involvement of participants, who should also be representative and accountable. The council should meet regularly and its agenda should extend to all of the most important issues arising from the country's economic development policies. Its discussions should have a real impact on the work of government.

⁽¹⁾ The European Commission highlights the importance and problems of civil society in the Western Balkans in its communication on *Enlargement strategy and main challenges 2007-2008*, COM(2007) 663 final.

2.6 Also, with a view to increasing the role of the Albanian people in the democratic process, civil dialogue should be stepped up. To this end, the EU can play an important role in providing vocational training across the whole of civil society, focusing on organisations that are visibly active in Albanian society.

2.7 Bearing in mind that the situation is evolving rapidly, the EESC undertakes to continue monitoring and supporting Albanian civil society organisations, and reiterates the importance of the country for the stability of the entire region.

2.8 In line with the conclusions of the 2nd Western Balkans Civil Society Forum (held in Ljubljana on 4 and 5 June 2008), the establishment of a joint consultative committee for Albania could give voice to the needs of civil society, and help build strong relations between its organisations and the EU institutions. Furthermore, the EESC, through its work in the Balkans, could help increase cooperation between the region's civil society organisations, ensuring that Albania is fully involved.

2.9 European civil society organisations have a key role to play in involving and informing Albanian organisations with regard to EU policies and programmes.

3. Instruments of EU action in Albania

3.1 The EU's overall policy framework for Western Balkan countries is the Stabilisation and Association Process, in which Albania participates.

3.2 In January 2006 the European Council adopted a European Partnership for Albania, which identifies short and medium term priorities which Albania should address. In July 2006, Albania adopted a national action plan to implement the European Partnership recommendations. The Albanian government is now revising the 2006 action plan with a view to implementing the European Partnership in 2008. Albania signed a Stabilisation and Association Agreement (SAA) on 12 June 2006, which provides a framework for mutual commitments on political, trade and economic issues while encouraging regional cooperation.

3.3 From 2001 to 2007, the European Commission's main financial instrument for cooperation with Albania was the CARDS programme (Community Assistance for Reconstruction, Development and Stabilisation), which provided for five main areas of intervention:

- stabilisation of democracy: through micro-projects fostering the development of civil society and of NGOs promoting

human, social and political rights, and through initiatives aimed at strengthening the electoral system;

- justice and home affairs: supporting the reform of the judicial system, public prosecutors and police; also working towards integrated management of maritime and land borders, supporting the work of border police;
- administrative capacity building: programmes aimed at reforming the tax and tariff systems and through programmes on procurement and on statistical surveys and data management;
- economic and social development: facilitating trade and developing local communities; supporting the Tempus programme and training to promote education; and
- environment and natural resources: measures to back up legislation on urban and regional environmental planning; supporting programmes on water and air quality and on waste disposal.

Initially focused on physical reconstruction, CARDS assistance shifted to strengthening the State's administrative capacity with a view to achieving the European Partnership priorities and SAA implementation requirements. For the period 2001-2006, a total of EUR 282.1 million was allocated to Albania under CARDS ⁽²⁾.

3.4 As a result of the Community's reform of external aid, the CARDS programme has been replaced by the new Instrument for Pre-Accession Assistance (IPA) as of January 2007. The major objective of the IPA is to streamline all pre-accession assistance in a single framework for both candidate and potential candidate countries. Under the IPA, the Multi-Annual Indicative Planning Document (MIPD) 2007-2009 for Albania was adopted in May 2007 and Albania will receive a total amount of EUR 212.9 million.

3.5 An EU-Albania agreement on visa facilitation was signed in September 2007 and is likely to enter into force in the first half of 2008, once all the conditions have been met. This should make travelling to the EU easier for Albanian citizens.

3.6 Albania's participation in the **Central European Free Trade Agreement** (CEFTA) and the Stability Pact for South-Eastern Europe, as well as the involvement of the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) has led to a whole network of different players helping Albania progress towards more European standards.

⁽²⁾ European Commission,
http://ec.europa.eu/enlargement/albania/eu_albania_relations_en.htm.

4. The political and economic situation in Albania

4.1 Albania's economic growth recently dipped slightly following the energy crisis that hit the country. The key factor sustaining the Albanian economy remains migrants' remittances, particularly from Italy and Greece. Agriculture accounts for a third of GDP and the official unemployment rate is 13.46 %, while the informal economy remains a significant factor.

4.2 Differences remain between the poorer, lagging rural areas of the North and the urban areas of the South and continue to shape the situation in the country. This divergence is partly explained by recent events, mainly linked to the conflicts that have occurred in the Balkans and the ensuing political, economic and social fallout (including embargoes) on countries in the region involved either directly or indirectly.

4.3 Substantial progress needs to be made in combating the scourge of corruption, which remains rife across many sectors of the economy and administration.

4.4 While all the political players agree that efforts should be made to speed up the EU accession process, in practice there is no effective cooperation between majority and opposition on achieving the necessary reforms.

4.5 Within the framework of Albania's interim agreement under the SAA, there has recently been modest progress on the judicial system (noted also in the recent Commission communication on the Western Balkans ⁽³⁾). However, there is also a crucial need for action on media legislation and on combating undeclared work, corruption, organised crime and poverty. There is often a disconnect between legislative reforms and implementation, and this needs to be monitored.

4.6 A general election will be held in 2009. Ahead of this, the Committee would hope to see strengthening of the electoral system and of the infrastructure necessary for democratic elections, such as an electoral register of people eligible to vote.

4.7 The official invitation to Albania to join NATO issued during the Bucharest summit on 2-4 April last, needs to be factored into the overall geo-political picture and the process of integrating Albania into Western institutions.

5. The role of civil society in the journey towards EU integration

5.1 The EU has launched a participatory strategy, to involve civil society, local authorities and donors. To this end a participatory action plan was drawn up, which provides for the involvement of civil society in drafting the medium-term expenditure plan, in which decisions can be taken on the allocation of resources to the various areas of activity.

5.2 Civil society consultation groups have also been set up in four key areas: agriculture, education, health and social affairs, and employment; a national advisory group and a technical secretariat within the Ministry of Finance have also been established. Projects aimed at strengthening local government institutions are also of key importance in facilitating their involvement in the process.

5.3 The involvement of local authorities and other bodies working on the ground is of vital importance for consolidating democracy and giving the public some control over the actions of central government. This is particularly the case in a country like Albania, which is trying to meet the criteria for full EU membership.

5.4 The work of Albanian civil society is hindered by limited participatory democracy. International organisations and their development aid programmes play a key role in funding the activities of civil society organisations: this is the key point to bear in mind in dealing with a society that is trying to build up its democratic institutions bit by bit. It is important to point out that the USA also has a strong presence in Albanian society in terms of development aid programmes, particularly through its USAID agency.

5.5 From a political perspective, the support of the EU and other international bodies in Albania's drive to meet the standards required for full integration must go hand in hand with the manifest and free political will of the Albanian people and their representatives in favour of reforms aimed at improving the economic and social conditions of the country. The EESC thus welcomes the Albanian government's decision to allocate EUR 1 million to civil society in the latest budget. The Committee hopes that the means of administering and allocating the funds (as yet undecided) will be genuinely transparent and properly monitored.

5.6 In order to develop the role of civil society, the currently insubstantial and ineffective dialogue between it and the government must be stepped up. Civil society organisations have a useful role to play in the drafting and monitoring of legislation, in terms of achieving effective reforms that are built on consensus.

5.7 There are many NGOs operating in Albania in different fields, including women's rights; the safeguarding of democracy, transparency and meritocracy in institutions; research centres; consumer organisations; etc. They tend to have certain limitations such as being mainly concentrated in Tirana with no wider presence throughout the country; sometimes having overly ambitious objectives to the detriment of effectiveness; and having an overly professional focus.

⁽³⁾ Communication from the Commission to the European Parliament and the Council, *Western Balkans: Enhancing the European perspective*, COM(2008) 127 final.

5.8 During its mission to Albania, EESC members observed certain tendencies in Albanian civil society, unfortunately common to other somewhat similar countries, such as the emergence of organisations with very few members and the excessive 'professionalisation' of civil society players, making it just another entity playing by the same market rules.

5.9 Agriculture, which still accounts for a large part of Albania's GDP and workforce, is still paying the price for the privatisations of the 1990s (carried out under the plan proposed by the World Bank). These created a large number of micro agri-businesses whose structure is not conducive to joining forces in the common interest. Farmers' organisations thus confirmed to us that they supported a reform process aimed at modernising the economic and production systems of Albanian agriculture.

6. Social dialogue

6.1 Social dialogue and the representativeness of the social partners have not evolved in Albania in the same way as in EU countries. The economic, social and political situation of recent years has not been conducive to the establishment of consolidated social dialogue.

6.2 There are still very notable barriers to the normalisation of relations between the government and the social partners (especially the trade unions). The situation came to a head in August 2007 when bailiffs, accompanied by police, ordered the country's two trade union confederations to leave their rented headquarters. The unions blame the government for the decision. The EESC thinks that a joint solution needs to be found to this problem, aimed at mending relations between the unions and government as soon as possible and ensuring that each party plays its role more effectively.

6.3 Albania's trade unions ⁽⁴⁾ are seeking greater involvement, particularly in delicate issues such as framing measures in response to price increases, efforts to counter corruption and the informal economy, the reform of the energy/oil sector, and the impact on employment.

6.4 Employers' bodies — although fragmented and still somewhat reluctant to cooperate — all complain about the lack of transparency, participation and involvement in the legislative process, especially regarding measures that most affect economic activity. They feel that all parties to the tripartite dialogue need to comply with the rules and ensure proper representation.

6.5 The major forum for tripartite dialogue in Albania is the National Labour Council, set up in 1996. It aims to reconcile the interests of the various economic players, ease conflicts and maintain social harmony ⁽⁵⁾.

6.6 Over the years, the work of the council has enabled the social partners to gain legitimacy and to exert a degree of influence on certain important decisions, particularly in the area of wage policies. Albania's political instability, particularly at the end of the 1990s, resulted in a frequent change of labour minister, and this must be borne in mind when assessing the National Labour Council.

6.7 Both workers' and employers' organisations are dissatisfied with the functioning of the National Labour Council, because of a lack of continuity in its work and because its views are not being sought on crucial political issues such as privatisation and financial legislation.

6.8 The EESC sees the National Labour Council as an extremely important body for developing social dialogue in Albania. It ought to be a forum for real debate and mediation in which issues of national importance are addressed. The representativeness of its participants and the scheduling and regularity of its meetings are of vital importance to the smooth functioning of the institution.

6.9 A law was passed in Albania to establish a labour inspectorate. However, this body is still limited in terms of capacity and practical reach, and problems persist due to weak legislation on workplace health and safety and poor enforcement.

Brussels, 9 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

⁽⁴⁾ There are two main trade unions in Albania: the Union of Independent Trade Unions of Albania (BSPSH) and the Confederation of Trade Unions of Albania (KSSH). Both were founded in 1992.

⁽⁵⁾ The rules governing the National Labour Council are set out in Article 200 of the Albanian labour code (Law No 7961 of 12.7.1995 and subsequent amendments).

Opinion of the European Economic and Social Committee on the 'Setting up civil society organisations networks in the Black Sea region'

(2009/C 27/29)

By letter of 15 July 2007, Ms Benita Ferrero-Waldner, Member of the European Commission for External Relations and European Neighbourhood Policy, asked the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, to draw up an exploratory opinion on

Setting up civil society organisations networks in the Black Sea region.

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 12 June 2008. The rapporteur was Mr Manoliu and the co-rapporteur was Mr Mitov.

At its 446th plenary session, held on 9-10 July 2008 (meeting of 9 July), the European Economic and Social Committee adopted the following opinion by 143 votes to 1 with 4 abstentions.

1. Conclusions and recommendations

1.1 Black Sea Synergy is designed to focus political attention on the region and to capitalise on the new opportunities gained from Romania's and Bulgaria's membership of the EU. Black Sea Synergy concentrates on five issues: good governance, transport, energy, environment, and the fight against cross-border crime.

1.2 The Black Sea Synergy should also contribute to the promotion of the European social model, and the principle of social and civil dialogue. It should also address poverty reduction in the Black Sea region in cooperation with relevant international organisations.

1.3 The EESC calls on the Black Sea governments, regional and international organisations to involve civil society in regional dialogue and cooperation and to offer a fresh perspective on major topics, such as sustaining political stability, democracy, rule of law, human rights and fundamental freedoms; promotion of economic reforms, development, and trade; cooperation in the field of transport, energy and the environment; and people-to-people contacts.

1.4 In the EESC's view there are significant opportunities and challenges in the Black Sea region that require coordinated action at the regional level involving civil society, especially in key sectors such as energy, transport, environment, movement and security.

1.5 The EESC welcomes the different private and public initiatives that have been set up to support active participation of the civil society and social organisations in the shaping of the future of the region. In particular, the EESC supports involving existing cooperation networks for civil society and social organisations in the Black Sea Forum for Partnership and Dialogue (BS Forum) and Organisation of the Black Sea Economic Cooperation (BSEC).

1.6 The EESC promotes establishment and strengthening of the role of national ESCs and Tripartite Commissions in all Black Sea countries, and development of regional cooperation among tripartite structures in the region. In countries without national ESCs, social partners should be encouraged to engage in the consultation process and creation of national ESCs.

1.7 The EESC encourages the carrying out of a comprehensive research on the situation of the civil society and social partners in the countries of the Black Sea region.

1.8 The EESC and the ILO will organise a joint conference in November 2008 on the Role of Civil Society Organisations in the countries of the Black Sea Region: Regional network creation and promoting social dialogue. The conference will involve regional stakeholders and will be the follow-up of the exploratory opinion.

2. Introduction

2.1 The Committee is pleased to respond to the request from the European Commissioner for External Relations and European Neighbourhood Policy, Ms Benita Ferrero-Waldner, to draw up an exploratory opinion on Black Sea Synergy. The Commission is particularly interested in an assessment on how civil society organisations (CSOs) can be better involved in the implementation of the Communication from the Commission to the Council and the European Parliament on 'Black Sea Synergy — A new Regional Cooperation Initiative' COM(2007) 160 final.

2.2 The EESC welcomes the first joint meeting of the Foreign Ministers of the 27 EU Member States with their colleagues from the Black Sea region countries on 14 February 2008 in Kiev. The EESC's participation as an observer in this meeting was an important step for the implementation of the Black Sea Regional cooperation strategy.

2.3 Integrated development in the Black Sea region

2.3.1 The Black Sea region ⁽¹⁾ is a geographical area rich in natural resources and strategically located at the junction of Europe, Central Asia and the Middle East. More than ever before, the prosperity, stability and security of the European Union's neighbours around the Black Sea ⁽²⁾ are of immediate concern and strategic importance to the EU. The Black Sea region is a market with great development potential approaching 200 million inhabitants, a hub for energy and transport flows, an area of confluence of different cultures and also unsettled conflicts.

2.3.2 Three EU policies are relevant in this context: the pre-accession process in the case of Turkey, the European Neighbourhood policy with five eastern ENP partners (Ukraine, Republic of Moldova, Georgia, Armenia, Azerbaijan) also being active in Black Sea cooperation and the strategic partnership with the Russian Federation based on four Common Spaces.

2.3.3 The EESC backs the Commission's contribution to a whole range of sectoral initiatives of regional relevance: human rights and individual freedoms; the rule of law, cooperation on justice, freedom and security; trade and economic integration and regulatory convergence; transport, maritime policy, energy; environment; the information society; employment, social policy and equal opportunities; human capital, education; and public health.

2.3.4 In the EESC's view there are significant opportunities and challenges in the Black Sea region that require coordinated action at the regional level especially key sectors such as energy, transport, environment, movement and security.

2.3.5 The EESC considers that the existence of different formats, approaches and policies of the Black Sea regional organisations and cooperation initiatives underline the extent to which cooperation in development and management of synergies can be defined in the Black Sea area. An overview of existing regional organisations, cooperation initiatives, programmes and policy analysis centres is available in the appendices.

2.4 The EU's goals in the Black Sea region

2.4.1 Over the past 15 years, the European Union has developed major efforts concerning the Black Sea region to stimulate democratic efforts, to support economic reforms and social development, to protect stability, and sustain regional cooperation.

2.4.2 The EESC suggests that deeper EU involvement should complement bilateral efforts, invigorate regional cooperation, ensure greater coherence and political guidance and focus political attention at the regional level, which will foster the desired

zone of stability, prosperity and cooperation shared with all its new neighbours-to-be.

2.4.3 The EESC considers that the Black Sea regional approach should be targeted and used neither to provide an alternative to EU membership nor to define the final frontiers of the EU.

3. Characteristics of Black Sea region civil society organisations

3.1 The historical, political and socio-economic background in the ten countries of the Black Sea Area and consequently also the conditions for civil societies differ considerably. During the Soviet period the 'social actors' or 'professional cooperation' were reduced by the ruling party regime to simple 'transmission belts'. This can be seen as a common regional pattern for the Black Sea area, except for Turkey and Greece. Since the early 1990s, all the countries of Central and Eastern Europe have been rapidly engaging in a political and economic transition with important consequences also for the civil societies.

3.2 The EESC advocates supporting strengthened cooperation between the EU and the Black Sea region countries based on a shared understanding of common values, fundamental freedoms, commitment to open society, and dialogue based on independence of civil society partners.

3.3 The EESC considers the following main reasons for the slow development of the CSOs in the Black Sea region: weakness of the judiciary system and its dependence on governments, in most cases the judiciary system protects the interests of the authorities against citizens; absence of a balanced distribution of authority and responsibility between central and local authorities; the tightening punitive and fiscal functions of the governments; manipulation of officials through corruption and bribery; the transforming of civil rights and liberties into fictitious notions; limitation on public access to information; governments maintaining a fake dialogue with selected representatives of the so-called civil society; the lack of legal and economic conditions to support real free civil society organisations; CSOs are based on international or corporate financial sponsorship; the weak development of a democratic culture.

3.4 There is a need to undertake a comprehensive and comparative study on the situation of the civil society organisations in the Black Sea region. This study has to cover the challenges defined by the current situation in the region, focus on the present opportunities for civil society organisations including the role of a regional network and analyse the emerging initiatives for organised civil society at the regional and European level. The study should also analyse the freedom of associations, the registration and fiscal rules and procedures, freedom of expression, functioning of tripartite consultations.

⁽¹⁾ The Black Sea region includes Greece, Bulgaria, Romania and Republic of Moldova in the West, Ukraine and Russia in the north, Georgia, Armenia and Azerbaijan in the east and Turkey in the south. Though Armenia, Azerbaijan, Republic of Moldova and Greece are not littoral states, history, proximity and close ties make them natural regional actors.

⁽²⁾ With the accession of Bulgaria and Romania to the EU, the Black Sea has become a European sea.

4. Networks of civil society organisations in the Black Sea region

4.1 The EESC points out that it is the responsibility of the civil society and social organisations to decide on the way they organise themselves at national, regional and international level.

4.2 The EESC backs the Commission's approach not to create a new regional structure for civil society organisations and encourages development of a civil society dimension in existing networks, as well as participation of civil society organisations in regional and trans-national networks.

4.3 The EESC recommends that the civil society and social organisation networks established at regional level develop closer ties with the Organisation of the Black Sea Cooperation (BSEC), which is the platform for economic cooperation in the region and the most developed intergovernmental organisation in the Black Sea region. The EESC considers that it would be beneficial to include an effective partnership with the civil society organisations as a key dimension of the BSEC's political orientations and activities.

4.4 The EESC considers that the BS Forum could become a platform for open dialogue among the governments and organised civil society, based on its experience of bringing together NGOs from the region and facilitating governmental — non-governmental interaction. The Forum was set up by several Heads of States of various countries of the Black Sea in 2006. It does not intend to establish a permanent structure and would not duplicate the activities of the existing cooperation mechanisms in the region.

4.5 The EESC suggests that the civil society networks should have the following priority areas of cooperation: defining common interests, formulating medium and long-term strategies to address civil society capacity-building, fostering greater synergies among civil society organisations to create preconditions for the success of regional cooperation projects, assessing existing instruments, evaluating national and regional capacities, identifying critical requirements, and preparing for the future in a pro-active manner.

4.6 The established organised civil society and social organisations networks should be open to the participation of every interested civil society organisation in the Black Sea region.

5. Economic and Social Councils in the Black Sea region

5.1 The EESC cooperates with three national Economic and Social Councils and two similar bodies from the Black Sea region (see Appendix II for a detailed description), that are also active in the International Association of Economic and Social Councils (AICESIS) framework:

— Bulgaria — Economic and Social Council;

— Greece — Economic and Social Committee;

— Romania — Economic and Social Council — CES;

— Russia — Public Chamber;

— Ukraine — National Tripartite Social and Economic Council.

5.2 The EESC has signed a Memorandum of Understanding with the Russian Public Chamber. It is also planned to reinforce cooperation with the Ukrainian National Tripartite Social and Economic Council. Russia also has a tripartite commission, which the EESC should be able to involve in a dialogue.

5.3 The EESC cooperates with Turkey through the Joint Consultative Committee. The EESC supports the reform of the existing Economic and Social Council in Turkey in order that it has a well-defined institutional body and can participate in the international networks of the ESCs.

5.4 There is the National Commission for Consultation and Collective Bargaining in Republic of Moldova, a tripartite body established on the basis of the law on collective bargaining. The Commission is chaired by the First Vice-Prime Minister and the secretariat support is provided by the Ministry of Economy and Trade which also deals with labour issues. An Economic and Social Council is also emerging in Georgia but the EESC currently does not have cooperation with these bodies.

5.5 In countries without national ESCs, social partners should be encouraged to engage in the consultation process and creation of national ESCs.

5.6 Strengthening cooperation at the regional level and international cooperation between the EESC and the ESCs of the Black Sea region should be promoted. In the long term perspective, the EESC could contribute to the creation of a network among the existing and emerging Economic and Social Councils, as well as other tripartite structures in the region.

6. Involvement of civil society in shaping national, regional and international policies

6.1 Developing civil society offers a fresh perspective on major topics, the EESC therefore calls on Black Sea governments, regional and international organisations to involve civil society in more efficient participation in regional dialogue. In the EESC's view the following four areas should receive primary attention in dialogue and cooperation:

— Sustaining political stability, democracy, rule of law, human rights and fundamental freedoms

— Promotion of economic reforms, development, and trade

— Cooperation in the field of transport, energy and the environment

— People-to-people contacts.

6.2 *Sustaining political stability, democracy, rule of law, human rights and fundamental freedoms*

6.2.1 The EESC approach encourages the Commission to make full use of the Black Sea Synergy and the European Instrument for Democracy and Human Rights to promote cross-border and regional cooperation among the civil society organisations. The EESC underlines the significance of intercultural dialogue aimed at conflict settlement, creating an area of sustainable democracy, rule of law, and good governance at local and regional levels.

6.2.2 Respect for human rights and fundamental freedoms, including the respect of independence of the social partners and the civil society organisations, and the freedom of press should be at the core of the EU's external policy in bilateral relations and in the regional approach.

6.2.3 Black Sea Synergy should also contribute to the promotion of, the European social Model, the principle of social and civil dialogue. It should also address poverty reduction in the Black Sea region in cooperation with relevant international organisations, in particular, the World Bank and the ILO.

6.3 *Promotion of economic reforms, development, and trade*

6.3.1 The Black Sea area has experienced significant political, institutional, macroeconomic and regulatory reforms in the last decade. There are significant differences between the economies of the countries in the region in terms of availability of factors of production, natural resources, production capacities, and market size. Countries of the Black Sea region have different levels of development, stage of implementation of reforms, degree of economic and social balance, and capacity to respond to the basic needs of their citizens. Countries in the region have to deal with the informal economy, corruption, migration and poverty.

6.3.2 The countries in the Black Sea region experience a high dynamism in the private sector. This is a major determinant as to the competitiveness of the economy and its long-term growth potential. Support for small and medium-sized enterprises should be encouraged to contribute to the development of economic and social balance.

6.3.3 In the EESC's view the long-term economic sustainability of the Black Sea region is directly linked with the environmental situation, growing negative externalities, social responsibility issues, respect for common social standards and a growing sense of eco-responsibility. The EESC emphasises the importance of strengthening social, educational and cultural services available to all citizens in order to combat poverty and inequality.

6.3.4 The EESC underlines the need to improve the investment climate, to promote market economy reforms, encourage liberalisation measures and supports, in accordance with WTO principles, the creation of a free trade area in the Black Sea region. The impact of technological innovation could open up new fields for international cooperation, external investment and the development of services.

6.4 *Cooperation in the field of transport, energy and the environment*

6.4.1 The EESC considers the Black Sea region to be a geopolitically and strategically important area as a production and transmission region for diversification of the energy supply for the EU. The EESC is in favour of encouraging diversity of supply — further strengthening support for the definition and creation of new, viable and secure, infrastructure and transport corridors, suppliers and routes.

6.4.2 Rising oil and gas prices, the EU's increasing dependency on a few external suppliers and global warming are also concerns for the countries in the Black Sea region. The EU has initiated a debate on the need for a European Energy Policy to assure sustainable development, competitiveness and security of supply ⁽³⁾. The EESC is aware that the economic and social balances in the countries of the region can be highly affected by the rise of energy prices.

6.4.3 New supplies route such as the trans-Caspian/trans-Black Sea energy corridor ⁽⁴⁾ and the Nabucco pipeline ⁽⁵⁾ (a pipeline project which will span 3400 kilometres and bring 31 billion cubic tones of natural gas per year) as well as the INOGATE and TRACECA projects should constitute an adequate framework for creating a competitive energy market. Russia has initiated creation of the South Stream a pipeline running from Russia under the Black Sea via the Balkans and Central Europe, and the Nord Stream, a pipeline in the Baltic Sea.

6.4.4 The EESC emphasises that efficient implementation of foreign policy regarding potential new energy corridors supplying oil and gas from the Black Sea and Caspian Sea regions should be founded on support for Azerbaijan to achieve real independence as an energy supplier, helping to develop its national oil and gas industries, and support for Georgia, Republic of Moldova, Romania and Ukraine as key factors to provide new energy transit corridors to the European space. It should be taken into account that Russia is also an interested actor in this process. The EESC suggests that full support should be given to the European companies involved in Eastern Europe and Central Asia in oil and gas development and in pipeline construction. The EU should also aim to reinforce the role of Turkey as a stability factor in the region

⁽³⁾ The European Council of 8-9 March 2007 endorsed an Energy Policy for Europe. Subsequently a two-year Action Plan (2007-2009) was developed.

⁽⁴⁾ The corridor includes projects that have already been carried out like the Baku-Tbilisi-Ceyhan oil pipeline as well as energy infrastructure which are currently under consideration or preparation like the Brody-Odessa pipeline and the extension to Plock, the Constanta-Omisalj-Trieste, the Burgas-Vlore and the Burgas-Alexandroupolis oil pipelines.

⁽⁵⁾ The project has been plagued by logistical delays, disputes over financing and a lack of political will.

6.4.5 The EESC considers that the development of energy-saving policies in the Black Sea region should be included as key priorities in the EU's cooperation and technical assistance programmes. Energy related programmes should contribute to energy saving, reduction of costs and decreasing pollution.

6.5 *People-to-people contacts*

6.5.1 The EESC welcomes the coming Cross Border Cooperation (CBC) programme for the Black Sea Basin in the framework of the financial instrument of the European Neighbourhood Policy (ENPI 2007-2013) and underlines the importance of promoting people-to-people contacts in particular among the young generations in the Black Sea countries.

6.5.2 The EESC is in favour of further strengthening the cooperation to build mutual awareness and encourage economic, social and cultural contacts and promoting

people-to-people exchanges as a way of consolidating durable growth, prosperity, stability and security in the Black Sea region.

6.5.3 The EESC emphasises the necessity for effective implementation of visa facilitations and readmission agreements that would facilitate educational and youth exchanges, business-to-business contacts, mobility of researchers as part of increasing research cooperation, contacts among regional and local authorities, NGOs and cultural groups.

6.5.4 People-to-people contacts can promote cooperation in the field of education, training and research underlining the importance of enhancing intercultural dialogue via available EU programmes ⁽⁶⁾. Business-to-business contacts and cooperation between employers' organisations should be actively encouraged to establish closer links and to transfer experience and standards for activities.

Brussels, 9 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

⁽⁶⁾ Tempus, Erasmus Mundus, Seventh Research Framework Programme, CBC programme for the Black Sea Basin.

APPENDIX I

OVERVIEW OF REGIONAL COOPERATION IN THE BLACK SEA AREA

1. Organisations are divided into four categories, indicating the participating countries and aims of the regional cooperation:

- 1.1 The first category — institutionalised organisations with a well-defined structure

- **Organisation of the Black Sea Economic Cooperation — BSEC** (Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Republic of Moldova, Romania, Russia, Serbia, Turkey, Ukraine; 13 observers, including the EU and USA) implements multilateral political and economic initiatives aimed at fostering interaction among Member States.
- **Organisation of the Black Sea Commission — BS Commission** (Bulgaria, Georgia, Romania, Russia, Turkey, and Ukraine) aims at protection of the Black Sea against pollution, and implementation of the Bucharest Convention and the Black Sea Strategic Action Plan.
- **Organisation for Democracy and Economic Development — GUAM** (Azerbaijan, Georgia, Republic of Moldova, and Ukraine) aims at creating a Euro-Asian Trans-Caucasus transport corridor and a common space of integration and security in the GUAM region.
- **Black Sea Naval Cooperation Task Group — BLACKSEAFOR** (Bulgaria, Georgia, Romania, Russia, Turkey, and Ukraine) contributes to strengthening mutual confidence and stability in the region through enhanced co-operation and interoperability among the naval forces.
- **Commonwealth of Independent States — CIS** (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Republic of Moldova, Russia, Tajikistan, Ukraine and Uzbekistan) Turkmenistan is an associate member. The CIS endeavours to create a common economic space based on the principles of free movement of goods, services, workers, and capital.
- **Union of Black Sea and Caspian Confederation of Enterprises — UBCCE** (representatives of private sector industrial and employers' organisations from Albania, Austria, Azerbaijan, Bosnia and Herzegovina, Bulgaria, Georgia, Greece, Iran, Kazakhstan, FYR Macedonia, Romania, Serbia, and Turkey) aims at favouring adoption of policies conducive to the better functioning of a market economy and fostering development of a competitive environment that encourages sustainable growth in the Black Sea and Caspian Sea regions.

- 1.2 The second category — forums without a formal decision-making structure

- **The Black Sea Forum for Partnership and Dialogue ⁽¹⁾ — BS Forum** (Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Republic of Moldova, Romania, Turkey, and Ukraine) is a platform for cooperation and commitment to the development of a new regional strategy and a common vision.
- **EU-Neighbourhood-East Parliamentary Assembly (EURO-NEST)**. The European Parliament decided in November 2007 to create a joint multilateral forum of the EP with the Parliaments of Ukraine, Republic of Moldova, Armenia, Georgia and Azerbaijan, as well as pro-democracy observers from Belarus.
- **Community of Democratic Choice — CDC** (Members: Estonia, Latvia, Lithuania, Georgia, FYR Macedonia, Republic of Moldova, Romania, Russia, Slovenia and Ukraine; participants: Azerbaijan, Bulgaria, the Czech Republic, Hungary and Poland; observers: USA, EU, Council of Europe and OSCE) aims at reaching higher standards of sustainable development by strengthening regional cooperation, promoting democracy and protecting human rights.
- **The Black Sea NGO Network — BSNN** (an association of 60 NGOs from Bulgaria, Georgia, Romania, Russia, Turkey and Ukraine) is a CSO aiming at the protection of the environment, the promotion of democratic values, and sustainable development in the region.
- **The Baku Initiative ⁽²⁾** — (partners: Armenia, Azerbaijan, Belarus, Georgia, Iran, Kazakhstan, Kyrgyzstan, Republic of Moldova, Ukraine, Uzbekistan, Tajikistan, Turkey, Turkmenistan; observer: Russia; EU representatives: DG Transport and Energy, DG External Relations, EuropeAid Cooperation Office) aims at the progressive integration of the Black Sea and Caspian Sea region energy markets with the EU markets.

⁽¹⁾ The Forum is a Romanian initiative.

⁽²⁾ Related to the INOGATE Cooperation Programme.

1.3 The third category — programmes developed mainly by the EU

- **Interstate Oil and Gas Transport to Europe — (INOGATE)** (Bulgaria, Georgia, Republic of Moldova, Romania, Turkey, Ukraine, and 15 other countries) is an international co-operation programme promoting the regional integration of the pipeline systems and facilitating the transport of oil and gas.
- **Transport Corridor Europe — Caucasus — Asia (TRACECA)** (Armenia, Azerbaijan, Bulgaria, Georgia, Republic of Moldova, Kazakhstan, Kyrgyzstan, Romania, Tajikistan, Turkey, Ukraine, Uzbekistan, Turkmenistan) aims at improving trade and transport along the Europe-Caucasus-Asia Corridor.
- **The Danube Black Sea Task Force — DABLAS** (Bulgaria, Georgia, Republic of Moldova, Romania, Russia, Turkey, Ukraine and nine other countries, as well as the International Commission for the Protection of the Danube River (ICPDR) Secretariat, the Black Sea Commission, the International Financing Institutions and the European Commission) aims at coordinating actions between all financial instruments operating in the region. Civil society is involved in the various tasks carried out by the DABLAS Task Force.

1.4 The fourth category — analysis and funding of policy initiatives

- **The German Marshall Fund — The Black Sea Trust for Regional Cooperation (BST)** (operates in Bulgaria, Georgia, Republic of Moldova, Romania, Russia, Turkey, and Ukraine) is a public-private partnership aiming at rebuilding trust and strengthening public institutions, affirming the value of citizen participation in the democratic process, and fostering regional and cross-border ties in the public, private, and non-profit sectors.
- **The International Centre for Black Sea Studies — ICBSS** (Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Republic of Moldova, Romania, Russia, Serbia, Turkey and Ukraine) ICBSS is an independent research and training centre pursuing applied, policy-orientated research, to build capacity and promote knowledge on the Black Sea region. It is a related body of the BSEC.
- **Crisis Management Initiative (CMI)** is a non-profit organisation that implements an initiative 'Civil Society Participation in the European Neighbourhood Policy (ENP) — A Regional Approach to Conflict Resolution'. This initiative aims at creating a regional partnership network of four leading NGOs/think tanks from Armenia, Azerbaijan, Georgia and Republic of Moldova to promote civil society dialogue with the respective governments.

APPENDIX II

EESC'S COOPERATION WITH THE ECONOMIC AND SOCIAL COUNCILS IN THE BLACK SEA REGION

Economic and Social Council of Bulgaria was established by a law 'On the Economic and Social Council' in 2001. The Council is a consultative body and consists of a Chairman and 36 members appointed by managing bodies of the representative organisations on the national level: 12 members from the employers; 12 members from employees and workers; and 12 members from other organised groups that include also two independent academics appointed by the Council of Ministers. It adopts statements on laws, national programmes, national plans, and acts of the National Assembly. The Council issues annual memorandums on economic and social development, as well as analyses economic and social policies.

Economic and Social Committee (OKE) of Greece was established by Law 2232/1994. It is tripartite organisation of the represented interests: employers, employees and various interests group composed of farmers, representatives of independent professions, local governments and consumers. The OKE consists of a President and 48 Members, who form three Groups with an equal number of members. The aim of the OKE is the promotion of social dialogue through the formation of common positions on issues concerning society as a whole or its particular groups.

Economic and Social Council (CES) of Romania is defined by the Constitution of Romania (revised in 2003) as a consultative body of the Parliament and the Government in areas established by the Law on the CES organisation and functioning. The CES is comprised of 45 members appointed as follows: 15 members as representatives of the employers' confederation at national level; 15 members as representatives of the trade unions' confederation at national level; and 15 members appointed by the Government. The CES has an advisory function to develop strategies and economic and social policies, and it acts as a mediator in case of disputes between social partners.

Public Chamber of the Russian Federation was created on the basis of Federal Law No 32 of 4 April, 2005. The Chamber consists of 126 members: 42 members appointed by the President of Russia who in their turn elect 42 other members from the nationally active civil society organisations, and then all 84 choose the remaining 42 from the list of the regionally active civil societies. The members work in 18 commissions as well as in the form of working groups with participation of outside experts. The Chamber comments on drafts of new legislation, reviews existing laws and publishes its own reports.

National Tripartite Social and Economic Council (NTSEC) of Ukraine was created on the basis of a Presidential Decree in 2005 and acts as an advisory body to the President of the Republic. The NTSEC consists of 66 members: 22 members from the representatives of various professions and professional associations, 22 representatives of the employers and 22 representatives of the Cabinet of Ministers of Ukraine at the level of Deputy Minister. The NTSEC is supported by the ILO to develop civil and social dialogue at national level.

The EU-Turkey Joint Consultative Committee is composed of 18 members from the EESC and 18 members representing organised civil society in Turkey. It meets twice a year (once in Brussels and once in Turkey) to discuss different topics of mutual interest which are relevant for civil society. The main purpose is to ensure the involvement of organised civil society in the accession negotiation process: follow-up of the different chapters opened, to analyse the economic and social consequences of the implementation of the Community acquis, meet with EU and Turkish authorities and make recommendations.

Opinion of the European Economic and Social Committee on 'Reconciling the national and European dimensions of communicating Europe'

(2009/C 27/30)

By letter of 25 October 2007, the forthcoming French presidency of the Council decided to consult the European Economic and Social Committee on the following subject:

Reconciling the national and European dimensions of communicating Europe.

Acting under Rule 20 of its Rules of Procedure, the European Economic and Social Committee appointed Ms Ouin as rapporteur-general.

The opinion also reflects the ideas put forward in the Commission's communication *Debate Europe — building on the experience of Plan D for Democracy, Dialogue and Debate*, adopted by the Commission on 2 April 2008 ⁽¹⁾.

At its 446th plenary session, held on 9 and 10 July 2008 (meeting of 10 July), the European Economic and Social Committee adopted the following opinion by 115 votes, with two abstentions.

1. Conclusions and recommendations

The EESC recommends the following:

1.1 It is important to explain what is special about the European integration process, its values and goals, in simple terms that even children can understand.

1.2 At European level, a common core of knowledge should be provided for European civic education (based on what is already happening in Member States) for the use of schoolchildren, translated into the 22 official languages of the EU. This could be approved by the European Parliament. It will be included into school curricula, and will also make it possible to provide priority training for multipliers such as teachers, elected politicians and journalists. Organisation of such training will be a national responsibility.

1.3 All the institutions should formulate and implement a common communication policy. The proposals to this effect set out in the *Debate Europe* communication are encouraging, but do not go far enough. Such communication should avoid 'euro-speak', which is commonly used in Brussels, and facilitate a debate on social issues for European citizens.

1.4 This common communication policy must be predicated on the political leaders of the European institutions, and on politicians from national governments who take decisions at meetings of the Council of Ministers and who are well-known in their home countries. In order to reach out to 495 million Europeans from Brussels, communication should focus on multipliers (representatives of civil society, local elected politicians, journalists, teachers, etc.), for example by giving them a short and easily understandable summary of the results of European Council meetings.

1.5 At national level, civil society players and local elected politicians should act as the driving force in European participatory democracy: together, they should sound out citizens on European projects. Elected local politicians are best placed to draw the attention of the local press, which is the most widely read. If they debate Europe, the press will report on it. Everyone with a European mandate should report on their activities once a year to the citizens they represent. At local level, a directory should be compiled of people with European experience who could give presentations to schools, associations, assemblies, etc.

1.6 The European level must provide them (elected local politicians, journalists, teachers, members of national ESCs and other representatives of civil society) with up-to-date databases and with comparisons between different EU Member States on all subjects. Such information could, for example, be passed on to the numerous civil society media.

1.7 At national level, meetings and direct exchanges between citizens should be promoted: twinning programmes, sports events, and participation by representatives from other Member States in training courses with a European dimension, by providing simple and decentralised access to funding for travel expenses (a European communication fund) to complement existing mobility programmes.

1.8 Better use should be made of existing resources, in particular of translated documents, which are currently too often only used as working documents for members of the institutions, and efforts should be made to promote multilingualism as a prerequisite for communication among Europeans ⁽²⁾.

⁽¹⁾ Brussels, 2.4.2008, COM(2008) 158 final.

⁽²⁾ EESC opinion of 26 October 2006 on the Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions — A New Framework Strategy for Multilingualism; rapporteur: Ms Le Nouail Marliere (OJ C 324, 30.12.2006), exploratory opinion SOC 306 on Multilingualism, debated in July 2008, rapporteur: Ms Le Nouail Marliere, and the proposals of the Amin Maalouf Group.

1.9 Member States should be urged to create fully fledged European affairs ministers. Foreign affairs refer to countries outside the EU's borders, whereas European affairs are part of domestic — not foreign — policy. This also applies to organisations and the media.

1.10 At national level, good use should be made of events such as European and international sporting competitions, elections to the European Parliament, Europe Day and anniversaries (such as that of the fall of the Berlin Wall), and events should also be organised at which Europe can be discussed using European symbols and the European anthem and flag.

2. Explanatory statement

2.1 *Reconciling the national and European dimensions of communicating Europe*

2.1.1 Since the French and Dutch rejection of the draft constitutional treaty, everyone agrees on the need to communicate Europe more effectively, and the result of the Irish referendum shows that this willingness has yet to be translated into effective measures at national or European level.

2.1.2 The Commission has produced numerous texts which have already been discussed and the EESC has adopted some excellent opinions on this issue, the content of which need not be repeated here. The White Paper on a European communication policy (EESC opinion: CESE 972/2006 ⁽³⁾) urges '*national public authorities, civil society and the European Union institutions [...] to work together to develop Europe's place in the public sphere*'. The present document does not seek to put forward new proposals but to set out existing ones in an orderly fashion, making clear who is responsible in each case — national public authorities, civil society and the EU institutions — and identifying which measures should be given priority.

2.2 *Communicating Europe: a complex task*

2.2.1 Inevitably, communicating Europe is a complex task: the European project has always had its detractors — either those who want less Europe, those who want more, or those who want things to move forward faster. It is thus a struggle to communicate Europe in a balanced and understandable way. The aim is not to 'sell Europe', but to enable citizens to live in the European environment and to take part, with full knowledge of the facts, in the choices that determine the future direction of the European Union.

2.2.2 Communicating Europe is about conveying a political set-up which is without parallel in the history of mankind, and presenting a project. A balance must be struck between

communicating that project, an area for which political authorities are responsible, and providing the requisite information on what the institutions do, which is a matter for the individual institutions themselves and is targeted at the relevant sections of the public.

2.2.3 The original vision is in need of renewal. Explaining that 'Europe means peace' is hardly credible to generations who did not grow up in the aftermath of the Second World War and who only began to take an interest in the world when the bombs were falling on Sarajevo. Those born since the 1970s may feel that Europe has been imposed on them and that it failed to prevent a war on their doorstep or to protect them from what some perceive as the excesses of globalisation. They do not realise that the rights and freedoms they enjoy are the fruits of the European venture.

2.2.4 A more motivating approach might be to explain that 'Europe broadens horizons' by dismantling borders, to show how, step-by-step, obstacles are being removed to mutual understanding, dialogue, movement, trade, employment and migration to other countries, etc., and to demonstrate that Europe opens up new possibilities for Europeans by giving them more space, open to other cultures, in which to live. The tangible value Europe brings can also be demonstrated by making clear how, by facilitating comparisons between different systems, Europe makes it possible to develop what is best in each of them.

2.2.5 The point can also be made that we need to work together in order to combat climate change, protect the environment, ensure food safety, defend consumer rights, etc. Europe needs simple concepts like those in place in its Member States. Children can easily understand that you need roads and railways to travel, that everyone has to learn to read in order to understand the world, that those who harm others or the group must be punished, that the State provides the services that everyone needs such as spatial planning, education and justice, and that the State exists to preserve health, security and solidarity. The fact that Europe is a recent development and is misunderstood in some quarters makes it more difficult to explain what it is about and why it is necessary and useful. That it is about opening up more living space and joining forces to become stronger and more creative through strength of numbers should be simple enough to explain both to children and to their parents.

2.2.6 Although it does not concern all the Member States, the euro is an achievement that could be better brought to the fore, in that it symbolises the dismantling of borders, promotes a feeling of 'belonging' to Europe and helps us grow stronger by joining forces.

2.2.7 Powerful and universally familiar emblematic figures and symbols such as the European flag are also a means of promoting identification with Europe.

⁽³⁾ OJ C 309, 16.12.2006, pp. 115-119.

3. General comments

3.1 *Political communication and institutional communication*

3.1.1 It should be noted that all European institutions — rightly — devote considerable resources to explaining what they do, through communication departments with numerous skilled staff, websites, publications, videos, etc. Members of the public who visit the institutions are showered with a range of pretty documents, but none of this ensures that they understand what is going on, or that they take on board how that affects their daily lives. Rather, the proliferation of such documents gives the impression of complexity or even cacophony. What is needed is not more, but better communication. Resources are not lacking, but they need to be reallocated. Existing communication tools are not substandard, but they do lack coherence and a long-term approach. These tools are badly targeted, both in terms of content and of the individuals and institutions to which they are sent. There are too many brochures.

3.1.2 The crisis in confidence over the European Union's ability to communicate effectively to its citizens calls for a step change in communication culture. At present, European efforts are, at best, inadequate in terms of reaching people who have no notion about the EU (and that makes up the majority of EU citizens) and, at worst, they can be counterproductive. This is because there is a lack of 'joined-up thinking' in information strategies between the EU institutions and the Member States.

3.1.3 All in all, large amounts of money are spent on institutional communication that would be better spent on communicating policies. It would be interesting to carry out a survey of the budgets given over to communication by each institution and by Member States and to identify who, specifically, is in charge of them.

3.1.4 There is a consensus that communication on Europe is only a means to an end and that good communication is only possible if the venture itself is worthwhile. However the difficulty is not only the value or otherwise of the venture itself, it is also the fact that the necessary tools to promote the venture are lacking; it is only the individual institutions that have the resources. The European venture itself has to be 'carried' first and foremost by top-level political leaders: the president-in-office (and future president provided for in the Lisbon Treaty) of the European Union, heads of state or government, and the Commission president. Ministers participating in Councils are best placed to explain their collective decisions in their own countries.

3.1.5 Communication by individual institutions is straightforward, most of the time, because its purpose is to publicise what those institutions do. However, communicating the European venture has, by its very nature, always been subject to criticism. The lack of specific resources, exposure to criticisms on all fronts, plus the fact that politicians — whose are rarely well known outside their own countries — are more often

concerned with their image at national level (from which they derive legitimacy), are all factors which explain why European political communication is so weak and inaudible.

3.1.6 Through political and institutional communication, the EU and national institutions can, together, succeed in pursuing the new common communication policy. This is an EU challenge for the 21st century, as, united in diversity, it faces up to more homogeneous entities in other parts of the world. Henry Kissinger's comment that Europe has no telephone number still holds true.

3.1.7 It is necessary to create a common communication policy, which would bind the EU institutions and the Member States into a common set of basic principles governing EU communication and information strategy. This policy would support the various efforts of governmental and non-governmental organisations to increase European awareness at the local level in each country

3.1.8 Such a policy would also be an important way to ensure all EU institutions are 'singing from the same song-sheet'. A situation where the separate institutions actually compete against each other is nothing short of ludicrous. They naturally have different information needs and requirements to accommodate but they are essentially working towards the same goal and this appears to have been lost in the rush for self-justification or ego management.

3.1.9 It is time that the European Union invest in one of the most important challenges it faces over the next decade — giving its citizens a real sense of belonging to a worthwhile endeavour, the only one of its kind in the world.

3.2 *Targeted communication*

3.2.1 Even with the help of the Internet, it is impossible to communicate Europe to 495 million citizens from Brussels.

3.2.2 Institutional communication must be targeted, and not be aimed at wide swathes of the general public, but at those who have the skills to take early action on projects in their specialised fields and who can use the subsequently adopted texts in order to apply them and/or raise awareness of them among stakeholders. It is these multipliers who are best placed to explain the past and present achievements of the European integration process. From this perspective, the EESC is undoubtedly a relevant multiplier, because it brings together representatives from all components of society.

3.2.3 Before producing a document, whether in paper or electronic form, questions must be asked as to who it is intended for, given that the language and images used differ for different targets. Too few documents reach their targets, given that, in appearance, they are designed to appeal to the general public whereas their content is more of interest to a highly specialised audience.

3.2.4 Communication should be aimed at an audience of multipliers specialising in particular fields. In that sense, the EESC's initiative of electronic 'e-bridge' newsletters tailored to each member and targeted at multipliers is a model of good practice. As with the European Parliament's project to create a network linking MEPs and members of Member State parliaments, these representatives can work together to reach a large number of multipliers exercising considerable influence in their home countries.

3.2.5 Information must be specifically targeted at elected representatives, members of national ESCs, journalists and teachers; in doing so, one should ask what information they need to propagate the European message and promote the European Union's achievements. The focus should be on their needs rather than on the needs of individual institutions to publicise their activities.

3.2.6 It is also important to meet the opinion formers where they are. 'Social media' are increasing in importance and any communication must choose the appropriate media.

3.3 *The role of elected representatives in participatory democracy*

3.3.1 Political communication should reach 495 million Europeans. The subject of this communication is the European venture — explaining what the EU has done, is doing and plans to do, how it brings added value and the areas in which it is helping — and why. Such communication is the responsibility of Member States — especially ministers who participate in the Council and are best informed of its decisions — political leaders and members of civil society, who can interact with the public in their own language and are sufficiently close to grassroots concerns and well-known enough to attract people's attention. Although the overall achievements of Europe may be the same for all Europeans, the benefits for individuals and countries must be explained in different ways for instance to Bulgarians, Estonians and Swedes.

3.3.2 Such communication on the European venture must be participatory, and take into account the needs, aspirations and opinions of the public. This means that those responsible need to be able to listen. It is impossible to achieve such consultation from Brussels or Strasbourg. Citizens' panels can help to sound out public opinion, but they are not enough to give people the feeling that their voices are being heard.

3.3.3 Local elected representatives, whose legitimacy derives from representative democracy and who are close to voters, are in a much better position than pollsters to sound out members of the public on European projects. Equally, civil society players must consult those they represent on matters dealt with at European level in their specialised field. If elected politicians are discussing Europe, the press will report on it. This is how to ensure extensive coverage of Europe in the media (local press, TV and radio) and in blogs written by elected politicians.

3.3.4 Every year, representatives of Member States, ministers, MEPs, members of the EESC and the Committee of the Regions, the social partners, representatives of NGOs, and national civil servants on programme committees should report on their experiences in Brussels to their voters or the groups they represent (annual reports and meetings on home ground). Acting in Brussels is not enough to build Europe; all involved have a role to play in explaining the decisions made in Brussels to those they represent. The 'back to school' initiative must be continued.

3.4 *Common European civic education*

3.4.1 At European level a common core of knowledge should be provided for schoolchildren, in language accessible to everyone, on the history of the European integration process, information on how it works, its values and its goals. It is important for all young Europeans to share the same core of knowledge, which should be approved by the European Parliament. In order for children to be taught this knowledge, it should also be passed on to local elected politicians, as the public representatives closest to grassroots concerns. This common core of knowledge will have to be set out in a simple document. It should include the European flag, a map of Europe, and a 'European Citizens' Charter' including sections on the purpose of the venture (history and values) and on European policies and their impact on people's daily lives (dismantling borders, the euro, the Structural Funds, mobility programmes, the Charter of Fundamental Rights, etc.). This document would embody the unity which makes sense of diversity, and it would be available in the 22 EU languages. It should be given to each European citizen together with their passports.

3.4.2 Education on Europe is the first challenge which needs to be met. Each country should make efforts to introduce this common core of knowledge at all possible levels: there should be educational programmes, civic education textbooks and training on European issues not only for schools, but also for teachers, civil servants, journalists, civil society players, elected politicians, and everyone involved in the numerous bodies engaged in consultation, coordination and decision-making in Brussels. Employees could also be trained as part of ongoing vocational training.

3.4.3 The knowledge acquired should be tested by means of questions on Europe in final examinations, in selection procedures for teachers and civil servants, and in journalism schools. There should be networking between teachers disseminating knowledge on Europe.

3.4.4 The common core of knowledge comprises the values adopted by the European Union, which, taken as a whole, distinguish it from the other parts of the world:

— Respect for human dignity, reflected in the abolition of capital punishment and application of decisions by the Strasbourg Court of Human Rights, respect for privacy, and solidarity between the generations.

- Respect for cultural diversity, not by means of segregating communities but as an individual right. Racism, anti-Semitism and homophobia are punishable under criminal law.
- Social rights, social dialogue and equal opportunities, as enshrined in the Charter of Fundamental Rights.
- 'Trans-national rule of law': in the European Union, the rule of law has replaced the law of the strongest. This is true not only within Member States, but also the EU as a whole. Under both national and European law, every European citizen can exercise his/her rights outside the borders of his/her country of origin.
- Europe as an area of trans-national, regional, inter-generational and social solidarity, as reflected in the various European funds.

3.5 *Providing information about Europe*

3.5.1 Intermediary bodies already play a key role in informing and raising awareness among the various components of society; they should be given the means to step up such activity.

3.5.2 Newsletters of civil society organisations — trade unions, employers' organisations, mutual benefit societies, farmers' associations, NGOs, etc. — are a particularly effective means of disseminating information. Besides providing information on European projects in their own relevant field, such media could make comparisons with what is happening in other European countries the norm in their discussions of a particular subject. Such comparisons provide input for national debates on the necessary reforms.

3.5.3 The EU could provide databases in all languages for use by such publications, which are close to their readers but lack resources.

3.6 *Promoting meetings and exchanges*

3.6.1 As exchange programmes such as Erasmus have shown, nothing can beat direct contact between Europeans to create a feeling of belonging to Europe. School trips, company trips, and twinning programmes involving towns, educational institutions, retirement homes, social and humanitarian associations, etc. are an excellent means of promoting mutual understanding. However, other measures could be taken, for example, deciding to invite someone from another Member State to attend courses organised by trade unions, employers' organisations and associations. Similarly, each local council could invite a local elected politician from another European country at least once a year. A European voluntary service would enable young volunteers to acquire professional experience in another European country.

3.6.2 Twinning schemes between local children's' councils, third-age universities, and choirs, together with sporting events, are all ways of enabling people to meet and find out about one

another. If the obstacle of travelling expenses were removed, such meetings would soon come about naturally.

3.6.3 Organising more frequent thematic meetings between nationals from different Member States will require funding to cover travelling expenditure by participants from other European countries. DG Education and Culture's 'golden star initiative' to encourage meetings of twinning committees and local initiatives is a step in the right direction. A simple and decentralised system is needed to manage such funding; the sums involved would be relatively modest, for a very substantial return. Money saved by cutting the number of brochures could be put into a decentralised fund to help European counterparts take part in activities by trade unions, federations of municipalities, industrial federations, twinning committees, etc. In order to encourage grassroots participation, this money would only cover travelling expenses and would be distributed promptly and with a minimum of red tape through local representatives such as the Europe Direct or Europe Houses networks. Local European players would be consulted on how to allocate this money, through a directory of all grassroots players participating in coordinating and decision-making bodies in Brussels and elsewhere (European works councils, university exchanges, etc.).

3.6.4 One possibility would be to promote the idea that every European should seek to visit Brussels, Strasbourg and Luxembourg once in his or her lifetime to see the institutions and gain a better understanding of how Europe works.

3.6.5 It would be useful for communication projects co-financed by the institutions, as provided for in the Commission's Debate Europe communication on Plan D, to include an element of cross-border initiatives.

3.7 *Making better use of existing resources*

3.7.1 EESC opinions are useful not only in terms of content — in that they summarise issues, are accessible to all, discuss legislative texts (referrals) or citizens' concerns (own-initiative opinions) — but also because a single text is translated into all EU languages and can therefore serve as a common basis for discussion.

3.7.2 European media are necessary if people are to be informed of what is happening elsewhere. Dismantling borders also means learning how Estonians get rid of waste, what kind of heating people in Barcelona use, how many days of maternity leave Irish mothers get, and how salaries are determined in Romania. If people realise that local issues are the same even hundreds of kilometres away, and learn about how other people find solutions, it will help everybody to feel that they belong to one and the same Europe.

3.7.3 Trans-national audiovisual media such as Euronews have a key role to play in providing pictures and reports. Coverage of European affairs must be explicitly included in the obligations of audiovisual public service providers at national level, and a European audiovisual public service must be developed.

3.7.4 Greater use could be made of Eurovision in order to highlight the celebrations of certain events and get people used to the idea of Europe; for example, broadcasting New Year greetings from the Commission president in all languages, European sports contests, etc.

3.8 *Europe is not a foreign country*

3.8.1 In too many Member State governments, European affairs are the responsibility of foreign affairs ministries. Too many media outlets still report on Europe as 'foreign news', and too many organisations make European issues the remit of international departments. However, given that European directives are handled by national parliaments and concern all sectors of society, European developments are of 'domestic' rather than 'foreign' relevance. European issues impact on all domestic policies in the Member States. Member States should create fully fledged European affairs ministers, with their own departments to carry out analysis, forecasting and communications activities and to provide support for civil society.

3.8.2 At the same time, whenever an issue is discussed, its European dimension should be mentioned, and consideration should be given to how a problem is dealt with in other Member States.

3.8.3 'Foreign' countries are those outside EU borders, not national borders. The attractiveness of the 'European model' from the perspective of countries outside the EU can help us to understand the benefits of the European integration process, whether the issue is creating a big internal market or developing a trans-national democratic model to manage diversity.

3.8.4 Organising information meetings for managers from other continents to explain how the EU was created and how it

works could boost its image both inside and outside Europe and foster European values in the rest of the world.

3.9 *Organising events*

3.9.1 As all communication specialists know, to gain publicity and communicate, it is essential to organise appropriate activities and capitalise on planned events. For example, during international sporting events, might it not be a good idea to raise the European flag together with national flags when champions are presented with medals? Participants might also display the European flag in addition to the national flag on their shirts. Another idea would be to keep tally of European medals at the Olympic Games.

3.9.2 The European elections and the anniversary of the fall of the Berlin Wall also offer opportunities that are not to be missed. In addition, Europe Day on 9 May should be made a public holiday, possibly instead of another holiday. At the same time, European events should become less Brussels-centric and a European dimension should also usefully be given to countries' national holidays.

4. **Recalling the Committee's previous recommendations**

4.1 The Committee recalls its previous recommendations to the Commission in the context of communications: those set out in the appendix to its October 2005 opinion on *The Reflection Period: structure, themes and framework for an evaluation of the debate on the European Union* (CESE 1249/2005 ⁽⁴⁾), its December 2005 opinion on *The Commission's contribution to the period of reflection and beyond: Plan D for Democracy, Dialogue and Debate* (CESE 1499/2005 ⁽⁵⁾), its July 2006 opinion on *The White Paper on a European communication policy* (CESE 972/2006 ⁽⁶⁾) and the opinion adopted in April 2008 on *Communicating Europe in Partnership* (CESE 774/2008).

Brussels, 10 July 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

⁽⁴⁾ OJ C 28, 3.2.2006, pp. 42-46.

⁽⁵⁾ OJ C 65, 17.3.2006, pp. 92-93.

⁽⁶⁾ OJ C 309, 16.12.2006, pp. 115-119.