Opinion of the European Economic and Social Committee on 'Listening to the citizens of Europe for a sustainable future (Sibiu and beyond)'

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Listening to the citizens of Europe for a sustainable future

1. Introduction

1.1. The EESC is a bridge between the EU institutions and its citizens, through the diversity of its members, and as such would like to propose its ambitious vision for the future, with Europe becoming the global leader on sustainable development.

1.2. The foundation of the European Union is one of the most successful peace, social and economic projects in European history. Our Europe was founded on the values of respect for human dignity, freedom, non-discrimination, tolerance, justice, solidarity and equality between women and men, democracy, the rule of law and respect for human rights, including the rights of persons belonging to minorities ([1]). These values must continue to be at the heart of the EU's future development and policies.

1.3. Seven decades of peace and stability in Europe is a historic and exceptional achievement. The European project and the construction of the European Union, which have created a union among the peoples of Europe and, step by step, tied European States together with a common purpose, have made this possible. This explains why the EU is still an attractive project for candidate countries and for countries participating in the EU neighbourhood policy. However, Europe must be prepared to face new geopolitical developments. The EESC should play a role in raising awareness of the fact that peace cannot be taken for granted forever.

1.4. The single market in all its economic, social and environmental dimensions is at the core of European integration. Therefore it should be able to generate sustainable growth and innovation, attract investment and foster the sustainable competitiveness of its companies in globalised markets. However, it is also important to recognise that the positive impact of the single market has not spread evenly and that not all citizens are in a position to benefit from its wealth.

1.5. *Sustainable growth* means that growth should be based not only on quantity but also — in fact even more — on quality, which means (i) no exploitation of the environment or of labour, (ii) fair living conditions, (iii) economic growth measured not only by annual flow, but also by stocks of wealth and their distribution, (iv) meeting the needs of all within the means of the planet, (v) developing economies that allow us to thrive, regardless of whether or not they grow, and (vi) a closed flow of income cycling between households, businesses, banks, government and trade, operating in a social and ecological way. Energy, materials, the natural world, human society, power, and the wealth we hold in common: all are missing from the current model. The unpaid work of carers — principally women — is ignored, though no economy could function without them ([2]).

1.6. *Sustainable competitiveness*, meanwhile, is a model that balances economic prosperity, environmental issues and social inclusiveness. In this context, the sustainability-adjusted global competitiveness index needs to take into consideration two new dimensions — environmental and social ([3]).

([1]) Treaty on the European Union, Article 2.

([2]) This definition of sustainable growth comes from Kate Raworth, of Oxford University's Environmental Change Institute, and her concept of 'doughnut economics', a breakthrough alternative to growth economics, and the new sustainable economic model for the 21st century that could help end inequality — https://www.kateraworth.com/doughnut/

([3]) This definition is based on the work of Sten Thore and Ruzanna Tarverdyan on sustainable competitiveness: https://www.sciencedirect.com/science/article/pii/S0040162516000664?via%3Dihub

1.7. The four freedoms, namely the freedom of movement of products, citizens, services and capital, which together enable trade and economic development, employment, creativity and innovation, exchange of skills and development of infrastructure in remote areas, are the essence of Europe. Well-functioning economic freedoms and competition rules go hand in hand with fundamental social rights, but should not undermine them.

1.8. Nevertheless, the EU is still facing exceptional internal and external economic, social, environmental and political challenges ([4]) that threaten its existence: protectionism in the single market, social inequalities, populism, nationalism and extremism ([5]), as well as major shifts on the geopolitical scene and major technological changes.

1.9. The faster-changing climate, collapsing biodiversity, other environmental risks and the collective failure to deliver successful policies are also a vital threat to Europe's population, economy and ecosystems. That is why we need a strong EU strategy for the implementation of the UN Agenda 2030. More equal societies have a better environmental record and a greater ability to become increasingly sustainable.

1.10. There is a clear need to address the demand for quality jobs on the part of citizens all over Europe, especially in regions with high unemployment, in particular youth unemployment, or facing structural changes. This places an obligation on all — institutions, governments, social partners and other civil society organisations — to redefine a sustainable Europe to foster quality job creation.

1.11. There is an urgent need to enhance access to the labour markets through a correlation between quality job creation and an enhanced education system to create adequate skillsets, for example by means of the dual system.

1.12. The social and environmental dimensions are intertwined and the economy must be the enabler for social, economic and cultural renewal, not least through the promotion and development of key skills and greater diversification. The UN Agenda 2030 must encourage the private sector to contribute to the achievement of sustainable economic, social and environmental objectives, thereby fostering equitable and sustainable growth of wellbeing for all and the protection of social, human and labour rights ([6]).

1.13. The cultural dimension, in all its diversity, of the European project also must be fully recognised in all EU policies. This involves understanding and promoting cultural heritage, integrating a cultural and creative dimension in education and supporting contemporary creation as a driver for cohesion and development.

1.14. Sustainability is a forward-looking process which must be driven by strong political resolve and the determination to shape a sustainable European Union by shifting our economies towards a resilient and cooperative, resource-efficient, low-carbon and socially inclusive future ([7]), whereby the behaviours, actions and decisions of governments, companies, workers, citizens and consumers are driven by the realisation of their economic, environmental and social impacts in a responsible manner.

— The EESC calls first for an **overarching strategy for sustainability** in implementing the Agenda 2030, guaranteed by an ambitious EU budget.

— **Competitiveness and sustainability are not in opposition** as long as social and environmental aspects are part and parcel of the definition of competitiveness. Competitiveness must not be defined only by quantity and pricing but preferably by also taking into account European values, quality and sustainability, as part of a fully developed and well-functioning single market.

— **Europe needs a new model of growth**, one that is qualitatively different from what we have had thus far, that is more socially inclusive and ecologically sustainable, and able to encourage and accompany convergence of the digital and ecological transitions in our countries and societies.

([4]) EESC Opinion of 18 October 2017 on 'The transition towards a more sustainable European future' (OJ C 81, 2.3.2018, p. 44).
([5]) European Parliament Resolution of 25 October 2018 on *'The rise of neo-fascist violence in Europe'*.
([6]) EESC Opinion of 7 December 2017 on 'The core role of trade and investment in meeting and implementing the Sustainable Development Goals (SDGs)' (OJ C 129, 11.4.2018, p. 27).
([7]) EESC Opinion of 21 September 2016 on 'Sustainable development: a mapping of the EU's internal and external policies' (OJ C 487, 28.12.2016, p. 41).

— **Sustainable investment is a crucial instrument** to drive and promote the process of strengthening Europe's leadership towards a sustainable society. It has to stimulate high-quality job creation, renewable energy, education systems, affordable and accessible green public transport, eco-designed digital technology, research and innovation.

— **European companies need to fulfil their role and their responsibilities** and act as leaders in the eyes of the rest of the world if the competitiveness and economic sustainability of our European system is redefined in respect of our one and only planet's boundaries.

2. Peoples' Europe

2.1. In the eyes of European citizens, Europe is perceived as being less and less of a solution, and more and more of a problem. Nationalism and protectionism are current threats. Faced with the loss of identity and values, and having neglected the cultural dimension of the European project, Europe is not managing to find answers that correspond to the level of local and global issues.

2.2. Acknowledging citizens' legitimate concerns and boosting their democratic participation, especially those of young people, are very important. Improving and reforming the existing EU participatory mechanisms and consultation processes is paramount. Youth issues are embedded within the European Pillar of Social Rights, the UN 2030 Agenda for Sustainable Development and its Sustainable Development Goals, among others.

— **A structured Civil Dialogue must become a real tool of democratic participation** as provided for in Article 11(1) and (2) of the Treaty on European Union (TEU) [8].

— The EESC, as the EU institutional representative of organised civil society, will continue to be an active player in the policy-making process.

— The European Citizen's Initiative (ECI), as provided for under Article 11(4) TEU and as the first transnational participatory tool worldwide, also needs further support and improvement. For its part, the EESC has fought for a simpler and more understandable set of rules for its implementation [9], and also acts as a facilitator between the Commission and citizens, in particular by organising the annual ECI Day conference and providing assistance and support to ECI organisers.

— **Youth are to be engaged and to participate in the European political process** [10] by promoting broader civic engagement, including through voting, volunteering, joining youth organisations and participating in workplace democracy and social dialogue [11].The EESC will foster youth participation in its activities and develop events targeted at young people, such as 'Your Europe Your Say' and the prize for young entrepreneurs.

— **Measures should be taken to ensure increased accountability and transparency** of decision-making by EU institutions and national governments, also involving the regional and local level, to gain the support of citizens, such as a reform of the Council's working methods to improve transparency and resolving the accountability and transparency issues linked to the extensive use of closed 'trilogues' prior to the adoption of acts at the first and second reading of the ordinary legislative procedure [12] [13].

— **Institutional mechanisms should be established to increase the impact of EESC opinions** in EU policy-shaping and decision-making processes, for instance through enhanced monitoring of the follow-up given to the Committee's opinions and the conclusion of a cooperation agreement with the EU Council to ensure, *inter alia*, the systematic provision to Council working groups of information on Committee opinions.

— Garnering **public support for the implementation of the UN Agenda 2030** for a new social deal is paramount.

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[8] EESC Opinion of 14 November 2012 on Principles, procedures and action for the implementation of Articles 11(1) and 11(2) of the Lisbon Treaty (OJ C 11, 15.1.2013, p. 8).

[9] EESC Opinion of 13 July 2016 on The European Citizens' Initiative (review) (OJ C 389, 21.10.2016, p. 35).

[10] *Resolution of the Council and of the Representatives of the Governments of the Member States, meeting within the Council, on a European Union Work Plan for Youth for 2016-2018*
Eurochild Child Participation Strategy of 5 April 2017
The UN Programme on Youth — *Youth Participation in Development — Summary Guidelines for Development Partners.*

[11] EESC Opinion of 18 October 2018 on the Communication from the Commission Engaging, connecting and empowering young people: a new EU Youth Strategy (OJ C 62, 15.2.2019, p. 142).

[12] EESC Opinion of 17 September 2015 on Improving the Lisbon Treaty (OJ C 13, 15.1.2016, p. 183).

[13] EESC Resolution of 5 July 2017 on the Commission's White Paper on the Future of Europe and beyond (OJ C 345, 13.10.2017, p. 11).

3. **Social Europe**

3.1. The European Social Model should provide solid and fair protection for all citizens, while alleviating poverty and providing opportunities for everyone to thrive. Decent incomes should narrow the gap between the wealthy and disadvantaged and ensure quality living. Everyone should benefit from decent work standards, equality, improved wellbeing and decreased health disparities within and between countries and across generations. Social inclusion and protection, high-quality jobs, gender equality, good quality, affordable and accessible public health and health care, access to affordable and quality housing, environmental justice, high-quality public education and equal access to culture: these must be the main principles driving national and European political agendas.

— A new 'social deal' that offers all citizens a fairer and more equal society is indispensable. That is why the EESC calls for a social action programme in order to transpose the UN Agenda 2030 to all levels.

— The EESC calls for a **general improvement of and increased investment in education systems** and supports **a universal entitlement to lifelong learning** that enables people to acquire skills and to reskill and upskill; stepping up investments in the institutions, policies and strategies that will support people through future of work transitions; and implementing a transformative and measurable agenda for gender equality are all elements that should receive wide support ([14]).

— **Public policies and legislative measures** must ensure that all European citizens and residents enjoy the same level of protection and can exercise their fundamental rights and freedoms. The EU must improve its policies and actions to ensure gender equality, in addition to guaranteeing that all people facing multiple forms of discrimination have equal opportunities in society.

— In the context of increasing concerns over divergence in the progress of Member States, measures to ensure a minimum wage and minimum income, as part of a process of social convergence in the EU, may constitute an important element of social protection. This would help to achieve a decent standard of living in all countries, while also **helping to support growth and for enhancing convergence, or avoiding divergence, within the EU** ([15]).

— A sustainable transition requires investment in effective and integrated social protection systems offering quality services ([16]).

— Social dialogue and robust collective bargaining systems between the social partners should prevail as key tools in order to anticipate and manage the transitions and changes.

— The measures above should help create a level-playing field to facilitate full implementation of the single market.

4. **Sustainable Environment**

4.1. Environmental risks continue to dominate the results of the annual Global Risks Perception Survey (GRPS). This year, they accounted for three of the top five risks by likelihood and four by impact. Extreme weather was the risk of greatest concern, but survey respondents are increasingly worried about environmental policy failure: having fallen in the rankings after Paris, 'failure of climate-change mitigation and adaptation' jumped back up to second place in terms of impact this year ([17]).

4.2. There will be no life, no jobs and no entrepreneurship on a dead planet. The collapse of biodiversity and climate change therefore mean that it is an absolute prerequisite for the EU to create high-quality jobs ([18]) and provide a solution beneficial to employers, workers and other representatives of civil society. Delaying adaptation, or not acting at all, could substantially increase the total cost of climate change ([19]) and its deadly impact on biodiversity, including humanity.

4.3. The draft European Finance-Climate Pact has been in discussion for several years and is still being discussed. This Pact would allow the EU to maintain its leadership in sustainable development and in the fight against climate change ([20]).

([14]) ILO Global Commission on the Future of Work — *Work for a brighter future* of 22 January 2019.
([15]) EESC Opinion of 20 February 2019 on the communication from the Commission *Annual Growth Survey 2019 — For a stronger Europe in the face of global uncertainty* (OJ C 190, 5.6.2019, p. 24).
([16]) European Commission Reflection Paper — Towards a Sustainable Europe by 2030, of 30 January 2019.
([17]) The Global Risk Report 2019 for the world economic forum — executive summary.
([18]) EESC Opinion of 25 January 2017 on the European Pillar of Social Rights (OJ C 125, 21.4.2017, p. 10).
([19]) OECD — Report on *The economic consequences of Climate Change* of 2 September 2016.
([20]) EESC Opinion of 17 October 2018 on the European Finance-Climate Pact (OJ C 62, 15.2.2019, p. 8).

— This strategy **must ensure that at least the Paris Agreement** has to be fully and immediately implemented and reflected through alignment of the EU's emissions reduction targets for 2030 and 2050 with the commitment to limit temperature increases to max. 1°C and through ambitious EU climate policies, including a rapid phase-out of all fossil fuels, moving from energy efficiency towards an absolute decrease in energy use. The **EU should accelerate the just and sustainable transition to the highest possible level of renewable energy supply** (21) which is clean, affordable, supports community ownership and does not lead either to energy poverty or to undermining the sustainable competitiveness of European companies at global level.

— The Finance-Climate Pact must cover all aspects of a climate change policy, such as a just transition to mitigate the effects of change, and compensate for the damages and losses, as well as real policies for adaptation to climate change.

— The EESC reiterates its **call for the development of a comprehensive food policy** (22) in the EU, with the aim of providing healthy diets from sustainable food systems, linking agriculture to nutrition and ecosystem services, and ensuring supply chains which safeguard public health for all sections of European society. A fair distribution of the added value along the food supply chain is essential.

— Agriculture could be part of the solution in mitigating climate change (circular economy, CO_2 storage, etc.) since it covers a huge part of European territory. Moreover, sustainable agriculture plays an important role in maintaining the socio-economic fabric in rural areas.

— **EU must transform a linear economy into a circular, carbon-free economy**. Circular economy policies should ensure that cycles are long-lasting, small, local and clean. For some specific industrial activities, the size of the loops can tend to be large (23).

— **Common standards should be set up and enforced to deliver clean air and water and to protect our oceans**. Ambitious measures must be implemented to stop deforestation and biodiversity loss in Europe and globally, and to end the unsustainable exploitation of natural resources, including from the Global South. Measures should be taken to bring European consumption levels into line with the Earth's capacity to produce, including through implementing sufficiency strategies (24).

5. European business as a stronger sustainable global leader

5.1. Business is an enabler for societal and environmental development, and sustainable competitiveness is a necessary pre-condition for companies to play their role in society. Companies are increasingly operating in a sustainable way, based on their own specific circumstances and resources and in collaboration with their stakeholders, to monitor, assess and report on the social, environmental, consumer protection and human rights impacts of their business operations. Europe therefore needs to take an approach in its policies that is in line with its ambition of becoming the global leader in sustainable development. There are already frontrunners among companies in Europe, but they have to be more ambitious and spread this sustainable mind-set across value chains, giving particular encouragement to SMEs.

5.2. A multitude of new models are transforming the relationship between producers, distributors and consumers. Some of these new models (such as the functional economy, the sharing economy and responsible finance) seek to address other key challenges for people and the planet that are crucial for sustainable development, such as social justice, participatory governance and the conservation of resources and natural capital.

— The ongoing fourth industrial revolution is radically modifying the global economy, and particularly manufacturing and industry-related services. Europe needs a **true digital transformation** to regain global sustainable competitiveness and deliver sustainable growth and jobs. Europe needs an overarching shift to become the most dynamic digital region in the world, taking into account the digital economy's global nature and business integration in global value chains.

(21) EESC Opinion of 2 July 2015 on The Paris Protocol — A blueprint for tackling global climate change beyond 2020 (OJ C 383, 17.11.2015, p. 74).
(22) EESC Opinion of 6 December 2017 on Civil society's contribution to the development of a comprehensive food policy in the EU (OJ C 129, 11.4.2018, p. 18).
(23) EESC Opinion of 27 April 2016 on the Circular Economy Package (OJ C 264, 20.7.2016, p. 98).
(24) Manifesto for a Sustainable Europe for its Citizens of 28 September 2018.

— **Supporting such innovative models represents an opportunity for the European Union to become a leader in innovative sustainable economic models** that make the idea of economic prosperity inseparable from high-quality social protection and environmental sustainability, and define a 'European brand'.

— European companies have to remain **innovation and creativity drivers** and respect high standards regarding labour, consumers and the environment across Europe. While smart policy-making and good governance have an important part to play in determining the right framework, it is businesses with their workers, in close cooperation with scientists and researchers, which provide innovation and solutions in response to society's needs.

— A business environment that helps prepare for the future is based on open markets and fair competition, where social and environmental aspects are part of its definition, and that provides enabling and supportive conditions for doing business.

— Guidance and support must be made available to enable all companies and SMEs in particular, to embrace digitalisation, reversing inadequate trends in technology and innovation investment through awareness-raising, encouraging financing, supporting R&D and investing in adequate skills.

6. Free and Fair Trade

6.1. EU trade policy is a key factor that applies to the EU as a whole and indeed unites all its Member States. Trade policy has helped the EU to increase its prosperity through commercial exchanges with a wide range of partners. Today the EU is a leading force in world trade, with more than 30 million jobs linked to international commerce ([25]), a major role in the trade of services and significant trade surpluses in goods, for example with the USA (more than EUR 107,9 billion for the first 11 months of 2018). At the same time, the EU embodies and promotes, through trade, the values of social inclusion and environmental protection that are essential to shaping sustainable globalisation — in other words, a form of globalisation that will benefit not only large companies and investors, but also ordinary people, workers, farmers, consumers and SMEs.

6.2. The EU aims to promote — multilaterally, bilaterally and unilaterally — a vision of trade policy that combines the traditional mercantilist approach to market access (tariffs and non-tariffs) with sustainable development goals in line with the fight against climate change.

6.3. EU trade policy has strengthened the role of civil society during both the negotiation phase and the implementation phase thanks to the contributions of the Domestic Advisory Groups. The EESC supports the professionalisation of all organisations that enable citizens to have more say in determining the content of trade agreements and more control over trade partners' compliance with 'qualitative' commitments and standards ([26]).

— Just like its diplomacy and its neighbourhood policy, the EU's trade policy must reflect and be consistent with its own internal values as the global leader in sustainability. The EU should be able to maintain its competitiveness and manage its alliances with key partners, whilst maintaining, reinforcing and improving its model of high standards in the environmental and social spheres.

— The EESC calls in particular for an ambitious trade policy agenda at all three levels, unilateral, bilateral and multilateral — a policy that will create growth and jobs in the EU while promoting a rules-based trade policy at the global level.

— In unilateral terms, the EU should modernise and improve the Generalised Scheme of Preferences (GSP) and Everything But Arms (EBA) in order to encourage the development of the Least Developed Countries and developing countries.

— In bilateral terms, the EU should continue to open new markets and increase business opportunities and consumer satisfaction with more partners while ensuring high social and environmental standards in agriculture, industry and services.

— In multilateral terms, the EU should play a leading role in the reform of the WTO in order to avoid paralysis of the Appellate Body of the Dispute Settlement Body. The EESC recently adopted an ambitious and forward-looking set of proposals for this reform in the short and medium term ([27]). The aims are to ensure that the WTO, the sole guardian of international trade, makes a fundamental contribution to achieving the SDGs, maintains consistency between trade rules and international labour standards, and facilitates the fulfilment of commitments made under the Paris Agreement.

([25]) Communication from the Commission of 14 October 2015 on *Trade for All*.
([26]) EESC Opinion of 23 January 2019 on *The role of Domestic Advisory Groups in monitoring the implementation of Free Trade Agreements* (OJ C 159, 10.5.2019, p. 28).
([27]) EESC Opinion of 23 January 2019 on *Reforming the WTO to adapt to developments in world trade* (OJ C 159, 10.5.2019, p. 15).

— Openness to trade requires effective trade defence instruments and an operational screening mechanism for Foreign Direct Investment in strategic EU sectors. This is of course to protect the EU and its consumers, workers and companies against unfair and predatory trade practices.

— It is essential to deepen cooperation at international level with all the relevant organisations (OECD, UNECE, ILO, WTO and so on) in order to efficiently address global challenges including climate change, poverty, fraud, tax evasion and cyberattacks.

7. **Public goods and services**

7.1. According to Principle 20 of the European Pillar of Social Rights, '*Everyone has the right to access essential services of good quality, including water, sanitation, energy, transport, financial services and digital communications*' [28]. These services cannot operate only according to common competition and market rules: specific rules are essential to ensure that every citizen has affordable access to these services, which are considered essential and are recognised as common values of the Union [29].

— Public authorities need to drive sustainable development goals through their public procurement contracts by proactively applying environmental and social procurement criteria as defined in the new European legislation on public procurement.

— Basic public services [30] such as education, health, childcare and public transport, and public goods such as clean drinking water, clean air and unspoiled soil, etc., must be accessible for all, at affordable costs.

8. **Fair taxation**

8.1. Tax policy in the EU has two components: direct taxation, which remains the sole responsibility of the Member States, and indirect taxation, which affects free movement of goods and the freedom to provide services in the single market. With regard to direct taxation, the EU has nevertheless established some harmonised standards for company and personal taxation, whilst Member States have taken joint measures to prevent tax avoidance and double taxation. Nevertheless, the EU must continue to promote a fair tax system that requires individuals and legal entities to pay tax on their income and profits proportionally. Concerning indirect taxation, the EU coordinates and harmonises law on value-added tax (VAT) and excise duties. It ensures that competition in the internal market is not distorted by variations in indirect taxation rates and by systems giving businesses in one country an unfair advantage over others.

8.2. Lack of transparency, discrimination, distortion of competition and harmful tax practices increase economic inequalities and reduce investments and jobs, leading to social dissatisfaction, mistrust and a democratic deficit. This is why a fair EU taxation policy should be implemented in keeping, and not in contradiction, with the overarching strategy of sustainability in order to promote economic and social convergence, social cohesion and investment in sustainable development.

— The necessary reform of EMU should include greater tax coordination between its members and a unified representation of the euro in international organisations.

— The EESC supports fair taxation and the fight against fraud, tax evasion, money laundering and the financial practices of tax havens; a common objective of EU institutions, governments and business must be to work together in order to put in place efficient mechanisms such as the two anti-tax avoidance directives [31].

— Coordination in the fight against fraud and tax evasion should include measures against corporate base erosion and profit shifting: the European Commission estimated that this accounted for EUR 50-70 billion annually before measures started to be implemented. Non-collected VAT is estimated to be in the region of EUR 150 billion every year.

— The EU must cooperate with other economic regions to effectively fight corruption and tax evasion worldwide and to ensure that international rules on corporation tax are clear, transparent, objective and predictable.

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[28] These services, which the Commission describes as 'essential services', and whose 20th principle does not provide an exhaustive list, fall under 'services of general interest' subject to public service obligations. The notion of 'essential services' does not exist in EU law, which deals only with public services (transport) and services of general interest (economic, non-economic).

[29] The EESC is currently drafting an own-initiative opinion *For a better implementation of the Social Pillar, promoting essential services* within the framework of the EESC contribution for the Sibiu Summit and beyond.

[30] EESC Opinion of 17 October 2018 on the Proposal for a Regulation of the European Parliament and of the Council on the European Social Fund Plus (ESF+) (OJ C 62, 15.2.2019, p. 165).

[31] EESC Opinion of 20 September 2017on A favourable tax system for fair competition and growth (OJ C 434, 15.12.2017, p. 18).

— The public is increasingly demanding that taxation be used to ensure social cohesion, to combat global warming and to promote sustainable growth.

— The EESC calls for effective and coordinated taxation measures to ensure that all companies pay their fair share of taxes and contribute to national and European public budgets to enable governments to meet their social rights ([32]). The EESC supports the Commission's proposal on the establishment of a Common Consolidated Corporate Tax Base (CCCTB) ([33]).

— The new business models using internet platforms and other digital tools have resulted in companies relying less on a physical presence in a country. The EESC believes that it is very important to develop new principles on how to attribute corporate profits to an EU country and tax them, in dialogue with trading partners, and to actively participate in the ongoing discussions at OECD/G20 level on a global agreement on the digitalised economy, in order to avoid any escalation of trade and tax tensions between major economic players in the world ([34]).

9. Governance

9.1. Driving the transformation towards sustainable development requires a **new governance approach** and **new rules and instruments**, when defining and implementing EU policies. Sustainable development requires a **holistic and cross-sector policy** approach to ensure that economic, social and environmental challenges are addressed together.

— The EU needs to **ensure that all its internal and external policies are coherent and aligned with the SDGs**, so that the principles of efficiency, proportionality and sustainability are duly considered.

— The use of the European Commission's **better regulation tools** is another way to ensure further mainstreaming of sustainable development in European policies. All Commission impact assessments must evaluate environmental, climate, social and economic impacts so that sustainability is duly considered and factored in. Ex post evaluations must also analyse all three dimensions in a strong integrated approach. Social partner consultations are also required, respecting Treaty provisions requesting the specific consultation of labour and management in relation to legislation on social issues (Art. 154 (2)); consultations with the European Economic and Social Committee, the European Committee of Regions and national parliaments form another component of the better regulation toolbox to meet the inclusiveness requirement that is at the heart of the 2030 Agenda.

— Taking into account the sustainable development goals, the REFIT Platform and impact assessments and evaluations must help to ensure that legislation is favourable to business and citizens. These tools should, in the future, continue to use all available sources, including civil society, to assess how to improve the effectiveness and efficiency of EU legislation in view of its objectives. These tools should contribute to extensive regulatory improvement of sustainable development in all its dimensions, aiming not only to simplify and reduce unnecessary burdens and to ensure effective achievement of legislative objectives without lowering them, but also to help to review, validate, amend, enhance or better enforce existing legislation.

— The **European Semester as the EU's economic governance framework** has some focus on employment and social performance, but it is weak on the dangers presented by climate change and on the EU's progress towards reaching the Paris targets, as reported in the Annual Growth Survey 2019 ([35]). The EESC calls for **a forward-looking sustainable development strategy embedded in a Sustainable Development Cycle, based on complementary social, economic and environmental indicators and targets**.

— **Social dialogue** must be recognised as a tool for implementing the development agenda. Social dialogue requires an enabling environment and an effective institutional framework. This begins with respect for freedom of association and the right to collective bargaining. The EU should work with the social partners to promote sound industrial relations practices and smoothly functioning labour administrations.

— **The European Union should strengthen its ties with the Member States** and regain the trust of its citizens through a well-implemented Community-Led Local Development (CLLD) approach that enables integrated local development and the involvement of citizens and their organisations at grassroots level. The EESC is convinced that CLLD could have many advantages as a successful European local development tool ([36]).

([32]) See footnote 31.
([33]) EESC Opinion of 20 September 2017 on a Common (Consolidated) Corporate Tax Base (OJ C 434, 15.12.2017, p. 58).
([34]) EESC Opinion of 12 July 2018 on The taxation of profits of multinationals in the digital economy (OJ C 367, 10.10.2018, p. 73).
([35]) See footnote 22.
([36]) EESC Opinion of 7 December 2017 on the Advantages of the Community-led Local Development (CLLD) approach for integrated local and rural development (OJ C 129, 11.4.2018, p. 36).

10. A comprehensive approach to migration policy

10.1. The debate on the future of a sustainable Europe cannot ignore Europe's approach to migration. Demographic developments show that Europe will need migrants, their talent, skills and entrepreneurial potential. There is an urgent need to change the narrative and policies on migration based on closer cooperation with third countries, to ensure a rational debate on the basis of facts. Refugees and migrants should be seen not as a threat but as an opportunity for Europe's economic and social model ([37]). For this we need a comprehensive approach and strategy for migration.

— The EU should adopt policies and measures that endorse safe, orderly and regular migration and also strengthen inclusion and social cohesion. The EU should work in closer coordination with the ILO as far as the labour migration and integration programmes are concerned.

— The EESC calls for safe, legal routes for refugees when they come to the EU. A coordinated approach from all Member States and European and national stakeholders, based on shared responsibility, fair allocation, convergence and respect for fundamental rights, is needed to include more options for family reunification, relocation and resettlement.

— Non-integration bears economic, socio-cultural and political risks and costs. Hence, investment in migrant integration is the best insurance policy against potential future costs, problems and tensions.

— Integration is a two-way process and the host community and migrants have rights and duties; therefore the responsibility needs to be shared between them both. It is neither fair nor sustainable to expect newcomers to integrate unaided in the face of considerable social, cultural, and economic barriers. To facilitate this process, public policies should tackle the fears, concerns and worries of diverse sections of the population in EU societies in order to avoid anti-EU and xenophobic discourses. To do so, the relevant policies should include a clear, consistent and reasoned set of obligations, as well as a consistent denunciation of anti-migrant rhetoric and behaviours.

— War, climate change and lack of prospects in third countries may create a continued and even increased influx of refugees and migrants. Limiting push factors for migration in general is a global challenge. There will be increased migration (including climate refugees) of all types due to the growing phenomenon of displaced people. For that, the EU must be better prepared to coordinate their distribution across the Member States. The EESC has already highlighted how unbalanced economic processes can add to destabilisation in this context. Therefore the EESC supports the position that the Lisbon Treaty provides a sufficiently broad mandate to revise immigration policy in order to regulate the status of 'environmentally displaced individuals'.

11. The EU Budget

11.1. The EESC recognises the high European added value of the programmes where the Commission's proposals for the Multiannual Financial Framework (MFF) 2021-2027 concentrate the main increases in expenditure (R+D+I, Erasmus+). However, the Committee questions the fact that these increases are made at the cost of substantial cuts to the European Regional Development Fund (ERDF), to cohesion policy and to the common agricultural policy (CAP), due to efforts to reduce the EU budget, which decreases from 1,16 % of the gross national income (GNI) of the EU-27 in the current budget, to only 1,11 % in the MFF post 2020.

11.2. The EESC questions the proposed cuts in planned commitments for the CAP. These cuts will make it impossible to implement a model of sustainable rural development, a global objective of the new reform of the CAP, and other objectives included in the Commission's recent communication on the future of food and agriculture.

11.3. Unfortunately, the Commission's proposal seems excessively geared towards preserving the status quo, and the EESC regrets the mismatch between the nature and scale of the new challenges facing the EU, and its ambitions, and the resources available to achieve them.

([37]) EESC Opinion of 12 December 2018 on The costs of non-immigration and non-integration (OJ C 110, 22.3.2019, p. 1).

11.4. People's distrust of national and European democratic institutions is leading to the rise of political movements that question democratic values and principles and the EU itself. Some of these political movements are now part of some EU Member States' governments.

— To face the economic, social and environmental priorities, new as well as ongoing, the EU needs, in this politically critical moment, **a strong EU Budget**. The Commission proposal on the Multiannual Financial Framework (MFF) 2021-2027 is modest and unambitious. Like the European Parliament and the European Committee of the Regions, the EESC calls for resources to be set at 1,3 % of GNI and for revenues to come mostly from the EU's own resources, establishing the tax figures proposed by the High Level Group on Own Resources (HLGOR), chaired by Mario Monti ([38]).

— In the EESC's view, r**esources have to be transferred to the Member States in accordance with criteria of distributive justice to restore the path of economic and social convergence** that was interrupted by the crisis ([39]).

— The EESC considers it necessary for the next MFF to increase funding to allow for (i) the implementation by the Member States of the Gothenburg Declaration on the European Pillar of Social Rights to stimulate the creation of quality jobs in the context of sustainable development, (ii) the realisation of the UN Agenda 2030, and (iii) the implementation of the Paris Agreement promoting just transitions towards green and digitised societies.

— The EU needs ambitious budgets that are instruments of policies that develop a clear strategy for strengthening the Union, with more integration, more democracy, stronger support for civil society organisations both within the EU and outside it, greater support for companies in addressing environmental and digital challenges, a stronger social dimension and more support for rural life. Only in this way can the EU limit and overcome internal centrifugal forces and deal with external geopolitical risks.

— The EESC supports the proposal to make the receipt of EU funds by the Member States conditional upon respect for the principle of the rule of law, a fundamental pillar of values of the Union according to Article 2 of the TEU.

12. **Communication**

12.1. Even the most ambitious political concepts and programmes at EU level will not contribute to overcoming the existing gap between the Union and its citizens if they are not adequately communicated.

12.2. This mismatch between initiatives, activities and decisions at EU level and their perception by its citizens leads to a vicious circle of uninformed or ill-informed citizens, with the consequence that populism is increasing in most of the Member States. At the same time, we are observing the emergence of anti-Europe sentiment on the part of some sectors of the population, something which undermines the continuing work on building the European project.

12.3. Therefore, a comprehensive common communication strategy for all EU institutions, at all levels, including all civil society players, is urgently needed in order to combat this lack of information, as well as deliberately misleading information.

12.4. An effective communication policy has to take the form of a real dialogue between those who provide the information and those who receive this information, to avoid a top-down approach.

12.5. Substantial, credible and lively information on European topics helps to create awareness and to generate interest in European matters.

12.6. The EESC, as a bridge between EU and its citizens and through its 350 members, should serve as a facilitator for such coordinated measures. The diversity of the EESC's members is a major advantage in terms of getting into contact with a maximum of citizens everywhere in Europe. In particular, more attention should be paid to youth.

([38]) *Final report and recommendations of the High Level Group on Own Resources on the Future financing of the EU* — December 2016.
([39]) EESC Opinion of 19 September 2018 on the Multiannual financial framework for the years 2021 to 2027 (OJ C 440, 6.12.2018, p. 106).

— The pivotal role of the EESC in bridging the gap with European citizens must be better recognised and supported by the EU.

— The EU must also decentralise its citizens' dialogues so that municipalities and regions can begin to develop a joint European purpose and identity.

— EU policies should be much more responsive to proposals by citizens, communities and civil society organisations, giving them a reason to be involved.

— The EESC should evaluate the implementation of EU policies in the Member States each year, on the basis of the policy objectives set out in this opinion, in order to provide concrete responses to citizens on the impact of EU membership on their daily lives.

Brussels, 20 March 2019.

The President

of the European Economic and Social Committee

Luca JAHIER

ANNEX

The following amendments, which received at least a quarter of the votes cast, were rejected during the discussions (Rule 59(4) of the Rules of Procedure):

a) **Point 1.5**

Amend as follows:

~~*Sustainable growth means that growth should be based not only on quantity but also — in fact even more — on quality, which means (i) no exploitation of the environment or of labour, (ii) fair living conditions, (iii) economic growth measured not only by annual flow, but also by stocks of wealth and their distribution, (iv) meeting the needs of all within the means of the planet, (v) developing economies that allow us to thrive, regardless of whether or not they grow, and (vi) a closed flow of income cycling between households, businesses, banks, government and trade, operating in a social and ecological way. Energy, materials, the natural world, human society, power, and the wealth we hold in common: all are missing from the current model. The unpaid work of carers — principally women — is ignored, though no economy could function without them.*~~*The concept of sustainable growth refers to growth that recognises not only economic but also social and environmental considerations. Different kinds of economic models have been presented in recent years, for example the 'doughnut economics' which aims at meeting the essential needs of all (based on 12 'social foundations') within the means of the planet (defined by 9 'planetary boundaries') Correspondingly, proposals have been made to measure growth with indicators going 'beyond GDP'.*

Reason

The objective is to clarify the fact the fact that the deleted text is not a commonly adopted definition of sustainable growth but refers to the economic model presented by Kate Raworth mentioned in the footnote. In fact, the text does not describe the core idea of this 'Doughnut' model either but mingles prerequisites, features, implications and measurement aspects related to it.

Result of the vote:

For: 75

Against: 132

Abstentions: 11

b) **Point 1.6**

Amend as follows:

The concept of sustainable competitiveness, meanwhile, refers to~~*is*~~ *a model that balances economic prosperity, environmental issues and social inclusiveness.* ~~*In this context*~~*,This is reflected e.g. in the sustainability-adjusted global competitiveness index by WEF.*~~*needs to take into consideration two new dimensions — environmental and social*~~

Reason

The sustainability-adjusted competitiveness index specifically takes into consideration environmental and social dimensions.

Result of the vote:

For: 64

Against: 147

Abstentions: 13

c) **Box 1 (after point 1.14), 2nd bullet**

Amend as follows:

Competitiveness and sustainability are not in opposition as long as social and environmental aspects are part and parcel of the valuation of products and services in the markets.~~definition of competitiveness. Competitiveness must not be defined only by quantity and pricing but preferably by also taking into account European values, quality and sustainability.~~

Reason

Competitiveness in the markets is not determined by definitions.

Result of the vote:

For: 66

Against: 148

Abstentions: 9

d) **Box 1 (after point 1.14), 5th bullet**

Amend as follows:

European companies, <u>workers, consumers and the whole civil society</u> need to fulfil their role and their responsibilities *and act as leaders in the eyes of the rest of the world <u>with respect to sustainability</u>.~~if the competitiveness and economic sustainability of our European system is redefined in respect of our one and only planet's boundaries.~~*

Reason

All civil society actors need to fulfil their roles and responsibilities. This holds true irrespective of definitions.

Result of the vote:

For: 56

Against: 138

Abstentions: 9