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I

(Resolutions, recommendations and opinions)

OPINIONS

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

496TH PLENARY SESSION OF THE EESC ON 26 AND 27 FEBRUARY 2014

Opinion of the European Economic and Social Committee on ‘Towards a more balanced territorial development in the EU’ (own-initiative opinion)

(2014/C 214/01)

Rapporteur: **Mr NILSSON**

On 9 July 2013, 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

Towards a more balanced territorial development in the EU.

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 12 February 2014.

At its 496th plenary session, held on 26 and 27 February 2014 (meeting of 26 February), the European Economic and Social Committee adopted the following opinion by 230 votes to 4 with 3 abstentions.

1. Conclusions

1.1 **‘All Europe shall live’** was proclaimed at the first ‘European Rural Parliament’ (a forum for European and national rural organisations), hosted by the EESC on 13 November 2013. With the appropriate policies, rural areas can thrive and contribute — just as much as cities can — to the well-being of Europe. A geographically targeted, multi-sectoral, grassroots policy based on participation and partnership was called for.

1.2 This own-initiative opinion takes up this challenge and pleads for more balanced development so that all parts of the EU can contribute to the objective of territorial cohesion enshrined in the Lisbon Treaty, against a background of increasing territorial imbalances within countries and regions.

1.3 Depopulation must be regarded as the most severe threat to rural economies. Many rural areas are seriously affected by depopulation. In some countries and areas the recorded figures are dramatic, standing at around 1 per cent depopulation a year, sometimes even more. However, the picture is very uneven. Most EU rural areas are not experiencing a decline in their populations and continue to be attractive places for people and businesses.

1.4 The EESC stresses that strong political action is urgently needed at every level to tackle the economic and social consequences of depopulation. There should be a focus on **jobs, infrastructure and services**, supported by integrated rural development policies at all levels (European, national and regional) and focusing on making use of endogenous local resources. Full use should be made of all EU programmes, not least the cohesion policy and its instruments for rural and local development, such as Leader and CLLD (Community-Led Local Development). Member States must allocate financial resources to those areas hardest hit by depopulation.

1.5 Every policy decision with a geographical dimension should be assessed in terms of its territorial impact. Existing environmental and socio-economic assessments should be given more attention and new specific quantitative and qualitative indicators should be developed.

1.6 In parallel with developing the primary sectors, there is a need for a policy framework for diversification and promotion of enterprise through investment, innovation and knowledge. Short supply chains should be promoted in areas such as food and energy. Incentives for decentralisation should also be considered.

1.7 Creating job opportunities is vital and it is urgent to ensure that the individual's right to education and training is secured in practice by investing in appropriate facilities for promoting knowledge and technology. Developing attractive jobs and education for young people should be a key concern. There is a need to create the right conditions to facilitate the installation of young farmers as a factor of stability in rural areas. The potential of women as workers and entrepreneurs should be unlocked. The employment of regular migrants could, if supported by accompanying measures effective in preventing segregation, be an opportunity to include migrants as active players in rural development.

1.8 Investment in infrastructure in the form of efficient transport, communication (including high speed broad band) and energy links, is necessary in order to reduce geographical disparities and make rural areas attractive locations for people and businesses.

1.9 An adequate supply of services — both commercial services and social services of general interest — is another key condition for making rural areas attractive and reducing territorial imbalances. Investment not only in health, education and care centres of different kinds but also in cultural and other leisure activities is urgently needed.

1.10 The EESC considers that participatory democracy is a prerequisite for achieving better territorial balance in the European Union. People living in rural areas and their organisations should be involved in planning and implementing territorial cohesion policies and activities. The partnership principle of the EU structural funds should be used efficiently and also extended to other policy fields.

1.11 In its role as institutional bridge to civil society, the EESC supports the idea of a recurrent 'European Rural Parliament' — i.e. a European rural forum with broad representation — to be held in partnership with the Committee.

2. Background to the own-initiative opinion

2.1 The ultimate goal of this EESC opinion is to make the case for territorial impact assessments of relevant EU policies in order to tackle the dramatic depopulation of certain rural areas.

3. Introduction

3.1 Differing cultures, languages and history — the European Union is rich in diversity, but there are common principles and ideals that unite us all, enshrined in Article 2 of the Treaty ⁽¹⁾. A decent job, access to social and economic services of general interest, and high environmental standards are fundamental needs in all regions.

3.2 However, conditions within Europe are not the same everywhere. Disparities between areas may include historical differences and inherited cultural structures, contrasting political systems, diverse socio-economic development patterns as well as an array of combinations of these factors. Deeper knowledge of the complex phenomenon of geographical disparities and its effects on policies and practices is needed.

⁽¹⁾ Article 2 states that the EU is 'founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities'. The Member States share a 'society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail'.

3.3 Rural areas face a common challenge: their capacity to create high quality, sustainable jobs has fallen behind that of urban areas⁽²⁾. Average incomes are 25-30 % lower than in urban areas, but can in some cases in Central and Eastern Europe be up to 50 % lower. There are fewer job opportunities and these are in a narrower range of economic activities. Poor infrastructure, including a low quality of broadband communication, low accessibility to commercial and social services and a lack of both education and training facilities and cultural and leisure amenities, are contributing to a considerable outflow of rural populations, particularly young people and predominantly young women.

3.4 However the overall picture is not so bleak. On average, in the decade from 2000-2010, predominantly rural areas experienced slightly higher growth than urban areas⁽³⁾. This also reflects the many interesting ways in which rural communities have been able to manage the challenges and achieve positive outcomes by exploiting endogenous and other local resources⁽⁴⁾. During the recent crises, rural areas have been less volatile and shown a higher degree of resilience. A recent study has also demonstrated that, as a result of congestion costs and high rents, economic activities are beginning to spread to less developed — often rural — regions⁽⁵⁾.

3.5 The existence of unbalanced territorial development between and within states, regions and rural/urban communities is a major challenge. Having rediscovered the role of **responsible territorial players** for their regions and local communities during the process of EU accession, regional and local development have now become major fields of interest for the countries of Central and Southeast Europe. In other European regions as well, there is a renewed interest in local and regional development.

3.6 Sparsely populated areas and deserted villages are spread out all over Europe and this is a common issue even for the smallest Member States. These sparsely populated areas have specific features and needs. Nevertheless, despite their differences, they have to face at least four common problems: their geographic isolation with ensuing high transport costs, the demographic problems of emigration, ageing and low fertility rates, their weak and monolithic economic structure and finally their low average income accompanied in some cases by severe rural poverty.

3.7 The opinion seeks to outline how rural areas can contribute to territorial and social cohesion exploiting endogenous resources within an integrated development policy, thereby overcoming the economic crisis, maintaining and creating jobs and protecting the environment. The agriculture and agrifood sectors play a predominant role in a number of regions. However, diversification is needed. All sectors must be able to contribute if supported by targeted policy measures.

4. General comments

4.1 Challenges for EU policy-makers

4.1.1 The measures on economic, social and territorial cohesion laid down in Articles 174 to 178 of the Lisbon Treaty provide for harmonious development in the EU, aim to reduce disparities in development, focus on areas affected by natural or demographic handicaps and call on Member States to conduct and coordinate their economic policies with a view to attaining these objectives.

4.1.2 According to the EU Commission, territorial cohesion is about ensuring the harmonious development of Europe as a whole and making sure that Europeans are able to make the most of the inherent features of its different regions. Territorial cohesion is therefore a means of transforming diversity into an asset that contributes to the sustainable development of the entire EU⁽⁶⁾.

4.1.3 Regions comprise both dynamic and problem areas. It is difficult to strike a balance between political coherence and territorial cohesion, since regions are by definition heterogeneous. Consequently, there is a need for a political perspective based on cooperation between regions and coordination between different sectoral policies in partnership with the territorial actors. The subsidiarity principle is also a key component of any regional policy approach, since it is always preferable to tackle specific community-related problems at local level.

⁽²⁾ See for instance EESC information report CESE 425/2011 (rapporteur: Narro) and OJ C 376, 22.12.2011, p. 25–31.

⁽³⁾ Fifth report on economic, social and territorial cohesion.

⁽⁴⁾ OJ C 132, 3.5.2011, p. 82–86.

⁽⁵⁾ ESPON 2013 Program CAEE — the case for agglomeration economies in Europe Project 2013/2/1.

⁽⁶⁾ European Commission, Directorate-General for Regional Policy, 2008.

4.1.4 In terms of EU policy, the Common Agricultural Policy is the most important tool for agriculture and rural development. However, it should not be the only tool — when elaborating the operational programmes of the other funds, Member States should also focus on the sustainability of rural areas.

4.2 *Depopulation*

4.2.1 EU statistics ⁽⁷⁾ show that in 2008 and 2009, rural regions in Europe experienced a limited population growth (0,1-0,2 %). In 2010 and 2011, population stagnated while urban regions grew by about 0,5 % during those years. However, the picture is very uneven. In many rural areas the population has grown over the last five years. In 2011, the average rural population grew in 8 out of 27 countries. Conversely, for the same year very negative figures were recorded for Latvia and Lithuania in particular, where the rural population decreased by 2 %, followed by Bulgaria (-1 %), while Portugal, Germany, Romania and Hungary were all at around - 0,5 %.

4.2.2 When analysing region by region (NUTS 3), the figures become dramatic. Around 100 out of 1 300 such areas experienced a 5 % (and in some cases even greater) reduction in their population during the years 2007-2011. They are mainly found in the countries listed above. Bulgaria, Lithuania and Latvia stand out from the curve, with generalised high depopulation. In Germany they are concentrated in the eastern part, while in Portugal they are concentrated in the interior.

4.2.3 Statistics also show that the EU population distribution is remarkably uneven, resulting in enormous differences between average densities in different regions and between urban and rural areas. Perhaps the most disturbing demographical feature is the startlingly low population density in some regions compared to the density of 50 to 100 years ago. Depopulation must be regarded as the most severe threat to rural economies, not only because it limits growth opportunities, causes environmental problems, affects social structures and complicates the provision of public services, but because it may jeopardise the very existence of small towns and villages as inhabited settlements.

4.2.4 The trend is ongoing. The rapid expansion of cities due to the location of industry and services draws labour from rural areas. Restructuring of farm activities encourages further rural-to-urban migration. Large infrastructure investments may also cause displacement. Rural depopulation, when the rural exodus outstrips natural growth, reduces the total number of inhabitants to a critical level while also causing ageing of demographic structures.

4.2.5 Rural depopulation causes a range of types of environmental impact. For instance, as people leave an area, one dominant habitat comes to take over from the diverse mosaic of human-maintained landscapes. This 'ecological homogenisation' can lead to a decrease in biodiversity at a local level. Other types of ecological impact include soil degradation resulting from inadequate terrace maintenance in mountainous areas, as is the case across large swathes of the Mediterranean and Southeast Europe.

4.2.6 Other concerns have also been raised in relation to rural depopulation, including forest management and fire risks in Mediterranean areas and potential security problems along the external borders of the EU.

4.3 *The role of organised civil society*

4.3.1 The EESC has stressed that '**participatory democracy**, recognised as one of the Union's democratic principles, is an essential condition for the achievement of better territorial balance in the European Union' ⁽⁸⁾. Organised civil society should have the opportunity for responsible and transparent involvement at the regional and local level in shaping and implementing territorial cohesion policies and activities. The partnership principle of the EU structural funds should be used efficiently, and also extended to other policy fields affecting rural areas.

4.3.2 On the one hand, the traditional social partners and the socio-professional organisations have a key role to play in coping with the growing territorial imbalances by promoting employment and businesses that improve working and living conditions.

⁽⁷⁾ Rural development in Yearbook on Regional statistics. Pages 238 ff. Eurostat.

⁽⁸⁾ OJ C 228, 22.9.2009, p. 123–129.

4.3.3 On the other hand, there is a rural community movement growing all over Europe. In some countries this movement is recent, while in others it has been in place for many years. (The forerunners are mainly found in northern Europe.) At national level, these movements are being organised into federations and networks including both traditional socio-professional organisations and new grassroots initiatives. They give a voice to people living in rural areas in a bottom-up approach, as well as promoting new enterprise and organising local production and services.

4.3.4 In November 2013, the EESC hosted what was termed the first 'European Rural Parliament'⁽⁹⁾, a forum for national and European organisations involved in rural issues which aims to strengthen and provide a common voice for the rural movement in Europe. Its main focus is to influence European rural policy, improve dialogue between policy-makers and the local level and exchange good practice.

4.3.5 In its role as institutional bridge to civil society, the EESC could enable people living in rural areas and their organisations to play a leading role in the process of shaping and implementing rural policies. The Committee therefore supports the idea of a recurrent European Rural Parliament — i.e. a European rural forum also extended to socio-professional organisations and social partners — to be held in partnership with the Committee and which also could serve as a link to its Liaison Group.

4.4 *Assessing territorial impact*

4.4.1 The EESC earlier proposed that EU legislation, policies and programmes should be analysed in terms of their impact on territorial cohesion. The Commission has a particular responsibility for this impact assessment, which should closely involve all the players concerned⁽¹⁰⁾.

4.4.2 This proposal was recently echoed by the Committee of the Regions which called 'for territorial impacts to be assessed right from the outset on an equal footing to economic, environmental and social impacts when assessing sectoral policies' and urged 'cooperation with local and regional authorities to channel consultations towards the interested and affected parties'⁽¹¹⁾.

4.4.3 The concept of impact assessments already exists in the various horizontal clauses in the Treaty on the Functioning of the European Union (Articles 8 to 12). These clauses state that 'the Union shall, when defining and implementing its policies and activities', take into account the requirements linked to the social dimension, gender equality, the environment, consumer protection and anti-discrimination.

4.4.4 When taking any decision, policy-makers should ask this question: What is the expected impact of this act: will it bring more people to cities or keep them in rural areas? Those policies improving the global territorial balance or at least leaving it unchanged would be immediately cleared. Any decision harming this balance by increasing urban concentration should be subject to an impact assessment proving that its benefits outweigh this drawback.

4.4.5 The territorial impact of sector policies, particularly in the fields of transport, ITCs, energy, the environment, agriculture, trade, competition and research, should be assessed⁽¹²⁾.

4.4.6 In order to do this, the Commission should ensure that the territorial dimension in the Strategic Environment Assessment (SEA)⁽¹³⁾ and the Impact Assessment guidelines is given appropriate attention. However, other specific quantitative and qualitative indicators must also be developed, not only in socio-economic and environmental terms but also in other, less measurable dimensions, such as the loss of traditional skills.

5. **Specific comments**

5.1 Well-balanced territorial development means more even and sustainable use of natural resources, bringing economic gains from reduced congestion and lower costs. In rural areas, prosperity will hinge on the capacity to mobilise people and local resources, whilst at the same time developing the locational factors that make living and economic conditions more attractive for people and businesses. The diseconomies and negative externalities of urban agglomeration run counter to the prospect of good quality of life for all.

⁽⁹⁾ The European Rural Parliament is based on the concept of the Swedish Rural Parliament which has been in existence for more than 20 years. It is a bi-annual forum which is composed on one hand by national rural organisations, both socio-professional and others, and on the other by grass-root community groups.

⁽¹⁰⁾ OJ C 228, 22.9.2009, p. 123–129.

⁽¹¹⁾ OJ C 280, 27.9.2013, p. 13–18.

⁽¹²⁾ OJ C 376, 22.12.2011, p. 15–18.

⁽¹³⁾ OJ L 197, 21.7.2001, p. 30–37.

5.2 Many rural areas with untapped development potential coexist with overexploited urban and peri-urban spaces. In remote areas which are far from big cities, small and medium-sized towns play a key role in providing access to services, ensuring that these areas remain attractive places to live. Sustaining such rural centres will be of great importance in order to cope with service closures and the influx of people from smaller villages in the surrounding area, provided that efficient public transport is organised.

5.3 Market forces alone cannot provide the incentives required to redress the ongoing trend. Therefore, strong political action is urgently needed at every level to tackle the economic and social consequences of depopulation and make rural areas attractive for people and business. A well balanced set of incentives is needed to stimulate investments, innovation and knowledge and maintain and create opportunities for living and working in rural areas. There should be a focus on jobs, infrastructure and services supported by integrated rural development policies at all levels (European, national, regional).

5.4 All EU programmes, not least cohesion policy and its instruments for rural and local development such as Leader and CLLD (Community-Led Local Development) should be fully exploited. Member States must allocate financial resources to those areas hardest hit by depopulation.

5.5 Competition law should be adapted accordingly to allow the necessary exemptions. If proposed changes affect wage costs, they must be dealt with in the normal social dialogue between the social partners.

5.6 The most important practical expression of territorial cohesion is guaranteeing all the people of Europe equality of access to services of general interest wherever they may live or work. To reduce geographical disparities, investment in infrastructure in the form of efficient transport, communication (including high speed broad band) and energy links, is necessary for the development of the most fragile and remote areas.

5.7 The living conditions of people in rural areas, including the most disadvantaged, must be improved through an adequate supply of services, which is another key condition for reducing territorial imbalances, and this applies both to commercial services and social services of general interest. Investment not only in health, education and care centres of different kinds but also in cultural and other leisure activities will make rural areas attractive locations, not only for people but also for businesses.

5.8 Exploiting endogenous resources also means creating short supply chains that have economic, social and cultural benefits not only for farmers but also for other businesses, consumers and rural areas in general. Food and energy are good examples of this. This type of production model needs to be promoted, as demonstrated by the fact that transnational retail chains very seldom source from local producers, even when a well-organised supply side can guarantee a reliable production stream.

5.9 Creating job opportunities is vital and the right to education and training must be secured in practice. Occupational training to 'help the workforce adapt to the requirements of the new production model⁽¹⁴⁾' is urgently needed. Reducing the outflow of young people from rural areas — not least young women, who are more prone to out-migrate — should be a key concern. There is a net gain for society in providing employment that allows young families to take advantage of the natural environment of the countryside as a suitable place to raise their children. The EESC earlier argued for strong measures to unlock the potential of women as workers and entrepreneurs, enabling them to become drivers of development and innovation and equipping them with appropriate knowledge and technology⁽¹⁵⁾.

5.10 Quality jobs in advanced, creative industries could start a virtuous circle, attracting not only economic activities but also cultural initiatives and other kinds of services that can make life more interesting for young people in rural areas and dissuade them from leaving.

⁽¹⁴⁾ OJ C 347, 18.12.2010, p. 41–47.

⁽¹⁵⁾ OJ C 299, 4.10.2012, p.29-33.

5.11 Radical diversification and decentralisation ⁽¹⁶⁾ measures are needed to create new jobs in rural areas most affected by depopulation. Therefore, programmes for those areas with specific funding must be implemented. Good experience from rural areas that have managed to face the challenge of depopulation and remain good locations for people and business should be disseminated.

5.12 The internal market and the right to free movement make it possible for farmers to take up farming in other Member States where opportunities are better than in their home country; Dutch farmers settling in Romania is a case in point. However, these opportunities for mobility and the acquisition of land should not be a disadvantage for the existing farming system and small owners.

5.13 The EESC has called for equal treatment of migrant workers in rural areas by implementing minimum standards for working and living conditions, also involving the social partners in this process ⁽¹⁷⁾. An integration process supported by accompanying measures that effectively prevents segregation could be an opportunity to make regular migrants a source of rural development.

Brussels, 26 February 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

⁽¹⁶⁾ An outstanding example of decentralisation is Portugal Telecom's new data centre near Covilhã, in the Serra da Estrela mountain region.

⁽¹⁷⁾ OJ C 120, 16.5.2008, p. 25.

Opinion of the European Economic and Social Committee on 'Integrated Production in the European Union' (own-initiative opinion)

(2014/C 214/02)

Rapporteur: **Mr Pedro NARRO**

On 12 February 2013 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

Integrated production in the European Union.

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 12 February 2014.

At its 496th plenary session, held on 26 and 27 February 2014 (meeting of 26 February), the European Economic and Social Committee adopted the following opinion by 143 votes to 6 with 9 abstentions.

1. Conclusions and recommendations

1.1 Integrated production is a practical example of how farming is managed with due regard to all aspects of economic, environmental and social sustainability. The EESC is keen for support to be given to food production models that prioritise efficient use of natural resources and respect for high environmental standards.

1.2 The EESC calls for agriculture to seek a balance between environmental protection, profitability and social demands. Sustainable agriculture is a basic requirement of civil society which can be achieved through various production models. The existence of integrated production is the proof of European farmers' interest in complying even more fully with sustainable production standards.

1.3 In implementing the new Common Agricultural Policy at national level, the Member States must provide fresh incentives for integrated production through rural development plans and help to integrate it into new equivalence systems to be established in connection with the so-called 'green payment'.

1.4 The EESC calls on the European Commission to carry out an in-depth analysis of integrated production in the various EU countries. Legislative differences, the development of private certification systems and differences between countries and even regions are not conducive to the development of this production model. A Commission communication on integrated production could provide, at Community level, fresh insights regarding the scope of integrated production in Europe.

1.5 In order to make the system consistent and to provide it with a certain level of harmonisation, a debate should be launched at European level on the possibility of setting minimum Community standards. These Community guidelines would help to better promote the integrated production model among farmers and consumers and should be supported by the European development policy instruments currently under review.

1.6 The EESC notes that there is a lack of consumer information and sees a need for better understanding of the real situation in farms. The existence of numerous quality labels generates confusion among final recipients. Efforts should therefore be stepped up to bring the public into closer contact with agricultural products which respect high economic, social and environmental standards.

1.7 With a view to developing integrated production, additional efforts need to be made with regard to research, technical training, development of joint initiatives and of course communication with consumers and the farming sector, which are unaware of the potential benefits of a production model which makes optimal use of natural resources in a way that is professional and consistent with environmental needs.

1.8 The EESC believes that the system of integrated production in Europe should be of a voluntary nature. Although many elements of integrated production are becoming mandatory, only a voluntary system will be able to make farmers more environmentally-aware and their farms more profitable.

2. Introduction

2.1 The EESC's opinions have covered some of the main food production challenges facing European society: security of supply, agricultural research and innovation, climate change, dwindling natural resources and the preservation of biodiversity. It is therefore appropriate to analyse a model of production which meets the expectations of farmers and consumers: integrated production.

2.2 The new possibilities and technological advances that currently exist within agriculture may improve its environmental contribution while benefiting farmers by enabling them to manage their farms more effectively and making these farms more profitable. Farming is facing the enormous challenge of providing safe food to a world population set to exceed 9 billion by 2050.

2.3 The farming activity which takes place in this domain is fraught with complexity and difficulties, requiring farmers to be better prepared and to have the technical and environmental know-how that can contribute to preserving the environment, transparency in production and food safety. Farming is a strategic sector which is calling for consistent and coordinated development of economic, social and environmental needs.

2.4 Farm and forest land cover 80 % of EU territory. When farmers exploit natural resources, they take responsibility for preserving them and for using them sustainably. Innovation and research serve to meet this objective, which is shared by farmers and consumers, with the development of new integrated production techniques enabling resources to be used more efficiently.

2.5 The integrated production model is a form of sustainable agriculture, designed to make agricultural activity more profitable while respecting high social and environmental standards. In any case, it must act as an educational tool to help explain to the consumer a new relationship between the environment and food production. Distribution must support and recognise this model of production. It is vital for there to be a commercial interest which promotes integrated production.

2.6 The system's effectiveness is often diminished by a complex certification process which is excessively onerous in some countries.

3. The concept of integrated production

3.1 The International Organisation for Biological and Integrated Control of Noxious Animals and Plants (IOBC) defines integrated production as an agricultural system for producing food which makes optimal use of natural resources and regulation mechanisms by ensuring that farming is viable and sustainable over the long term. Under this system, biological methods, cultivation techniques and chemical processes are carefully selected, seeking a balance between the environment, profitability and social requirements.

3.2 We are essentially talking about a voluntary model based on the practical and ongoing application (through the transfer of knowledge and experience between technical services, the farmer and the farm itself) of innovation and technology tools which, when used effectively, make it possible to achieve the standards of quality, safety and respect for the environment that present-day society wishes to see.

3.3 The concept of 'integrated production' is frequently used as a synonym for 'integrated farming' and in many countries the two terms are used interchangeably. However, despite the fact that they are parallel systems with many elements in common, they are actually quite different, representing two separate models from which the farmer can choose. Integrated production adopts a sector-based approach with different rules according to the product in question, whereas integrated farming refers to the overall management of a farm.

3.4 Integrated production covers the environmental, ethical and social aspects of farming, as well as the issues of quality and food safety. It is currently considered to represent one of the highest international standards of food production. Taken as a whole, integrated production guidelines and related tools have proven to be useful and have been a source of inspiration for farming organisations looking to produce high-quality food that respects high environmental and social standards.

3.5 Apart from the abovementioned objectives, integrated production also helps support the farming sector through the incorporation of expert advisory services, responsible for planning the cultivation activities which producers have to carry out on their farms in accordance with the methodology established in integrated production regulations. The aim is to put general concepts such as innovation and technology into practice and to apply them on an ongoing basis.

3.6 Integrated production combines traditional methods with modern technology. It incorporates the latest know-how and techniques — the result of an active and ongoing evaluation and review process. One example is precision farming which, by applying the most advanced GPS technology, saves the farmer money and reduces contamination by using fewer nutrients and pesticides. Before the farmer decides when, how and where to produce, preliminary analysis is carried out on the conditions of the soil, climate, water, nutrients, etc.

3.7 Integrated production facilitates rapid transfer of knowledge between agricultural producers, technical advisers and public authorities, limiting the scope of certain risks in farm management.

3.8 This production model provides consumers with a higher level of quality and safety, giving them confidence in the products they are going to acquire and consume; the aim is to optimise respect for flora and fauna by using less aggressive methods, preserving biodiversity through appropriate management of natural resources.

3.9 In the case of farmers, this system may lower production costs and improve and modernise farm management. It may thus make farms more profitable by enhancing the value of their products, it may improve the quality of rural life and it may help maintain the population of rural areas — a necessary step.

3.10 Integrated production is undoubtedly a key element in applying the concept of sustainable farming and may provide a reference point for where the EU farming model should be headed.

4. Integrated production in the EU

4.1 At present, unlike the system for organic or fair trade products, there is no European legal framework for integrated production or any Community guidelines for this voluntary model of production.

4.2 However, in recent years there have been many public initiatives in the area of integrated production, in some cases with national or regional regulatory frameworks (Portugal, France, United Kingdom, Belgium and Spain). In other cases, there have been private initiatives controlled by large-scale distributors⁽¹⁾. This contrasting situation has created distortions in terms of the definition, objectives and development of integrated production.

4.3 In light of this, in 2001 the European Initiative for Sustainable Development in Agriculture (EISA) was set up, with the aim of promoting and championing certain consistent principles of integrated production in the EU. One of the organisation's first tasks was to create a European Common Codex for Integrated Farming⁽²⁾ which has been used by the FAO to establish sustainable practices in farming. In 2002, AREFLH (Assembly of the European Regions producing Fruit, Vegetables and Ornamental Flowers and Plants) indicated that it was in favour of European regulation and in April 2013 it published the guide to European integrated production practices⁽³⁾.

4.4 As is the case with other production models, in order for products obtained under the integrated production system to have a guarantee label, accredited certification bodies must check and certify these products. The guarantee label can be used by those products which meet the general standards and the specific technical standards for each crop. In some cases (Denmark, and the Netherlands), certification is not carried out for a specific product but for the entire farm that practises this form of production. For the time being, national and regional quality labels exist side by side.

⁽¹⁾ EUREPGAP, QA, QA G.A.P., BRC, Nature's choice

⁽²⁾ A Common Codex of Integrated Farming. The EISA Integrated Farming Framework was published in 2006 and revised in 2012.

⁽³⁾ www.areflh.org.

5. Key issues for integrated production

At present, there are various doubts, issues and question marks surrounding the role of this production model in European farming. For the EESC, it is essential to clarify some of the more controversial aspects which, through ignorance or biased information, may cause greater confusion across society.

5.1 *The relationship between conventional and integrated farming*

5.1.1 The models of conventional, organic and integrated production are legitimate, they have differences and similarities and in any case represent respectable options for food production.

5.1.2 Conventional farming incorporates some of the practices or techniques present in integrated farming. In fact, the obligation to adopt an integrated approach to pest management as of 2014, introduced by the directive on sustainable use of pesticides⁽⁴⁾, is another area of similarity between the two production models. Integrated production is the direction in which, little by little, conventional production is headed. This is a positive influence which must be preserved.

5.1.3 However, integrated production provides substantial added value, which is based on the conscious decision of the producer to opt for a model which involves rigorous certification based on strict controls requiring advice from highly qualified professionals, personalised training, energy efficiency and reduction of the carbon footprint, use of technological systems to manage risk, fertilisation, pruning, land management, etc.

5.1.4 At present, there are many farmers who are moving towards integrated production with the aim of optimising the production capacity of their farms while increasing soil fertility, eliminating or reducing pesticide waste and improving crop health⁽⁵⁾.

5.1.5 Conventional and organic farming are regulated at European level, including with a quality label for organic farming. On the other hand, integrated production takes place exclusively at national or regional level where there are major differences and growing legislative confusion.

5.1.6 The growing importance of integrated production justifies making an additional effort to explain this production model effectively to European citizens.

5.2 *The EU's role in developing integrated production*

5.2.1 The EU should carry out an in-depth analysis of integrated production in Europe providing an insight into the current situation and its potential development. Of the tools available to the EU, it would be especially important for the Commission to draw up a communication which could deal with the challenges of this model and the role of the EU in this respect.

5.2.2 The heterogeneous nature of national and regional regulation on integrated production leads us to ask whether steps should be taken at Community level to harmonise existing legislation in some way. At present, the EU focusses its support for integrated production on rural development plans and operational programmes of CMOs, such as the one for fruit and vegetables. The new CAP will be based on their sustainability: it therefore makes sense for integrated production to make a positive contribution to the practical coordination of the new green payment through delegated acts. The new European Innovation Partnership may also provide fresh opportunities for this model of production⁽⁶⁾.

5.2.3 In the past, the systems of organic farming and fair trade have been the subject of a similar debate on whether or not it is appropriate to legislate. A large number of regional and national quality logos which identify integrated production exist side by side and there is therefore an open debate as to whether it is appropriate to create a new Community logo or to simplify existing ones. Prior to this, the EU must ensure better communication with consumers regarding existing logos with a view to promoting the quality or origin of the product in question.

⁽⁴⁾ Directive 2009/128 establishing a framework for Community action to achieve the sustainable use of pesticides

⁽⁵⁾ In Spain, as stated in the rural development plans, most beneficiaries are farmers with holdings of less than 10 hectares, mainly in areas with specific handicaps.

⁽⁶⁾ http://ec.europa.eu/agriculture/eip/index_en.htm.

5.2.4 The sector for integrated production is varied and diverse, but it unanimously calls for minimum Community guidelines on the matter which bring consistency and greater awareness.

5.3 *Seeking better communication between consumers and farmers*

5.3.1 Integrated production is currently on the rise because more and more farmers are accepting the need for profitability to be backed up by measures to improve farming's contribution to the environment and to conservation of natural resources. Despite the growing interest from the farming sector, there is ignorance in society about what integrated production means for a sustainable farming model and what it can contribute to it.

5.3.2 The EESC notes the existence of shortcomings in the promotion of this production model and calls for better training for farmers and steps to encourage producers to develop joint initiatives to safeguard the environment. Farmers must offer consumers as much transparency as possible regarding their production methods and try to show how innovation can be used for sustainable farming. In many EU countries, there are initiatives aimed at giving the consumer a greater insight into the reality of farming and improving their knowledge of an activity as important as food production.

5.4 *Towards a new standard of production?*

5.4.1 Integrated pest management is an element of integrated production which will be made compulsory from 2014, as laid down in Article 14 of Directive 2009/128 on the sustainable use of plant protection products. This obligation for all farmers represents a very important step towards the development of integrated production in the EU and entails a new standard of European production as regards pest management.

5.4.2 Although certain classic elements of integrated production are being gradually turned into obligatory farming practices, this must not alter the voluntary nature of the integrated production system, so that farmers can be integrated on the basis of their respective economic, environmental or geographical conditions. The decision by a farmer to switch to integrated production entails significant changes in the way they manage their farm and, above all, major investments in technical advice, training, controls, materials and specific products.

Brussels, 26 February 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

Opinion of the European Economic and Social Committee on 'EU-Morocco Trade Relations' (own-initiative opinion)

(2014/C 214/03)

Rapporteur: **Pedro NARRO**

Co-rapporteur: **Juan MORENO**

At its plenary session of February 2013, the European Economic and Social Committee decided, under Rule 29(2) of its Rules of Procedure, to draw up an own-initiative opinion on

EU-Morocco Trade Relations.

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 4 February 2014.

At its 496th plenary session, held on 26 and 27 February 2014 ... (meeting of 26 February 2014), the European Economic and Social Committee adopted the following opinion by 179 votes to 3 with 3 abstentions.

1. Conclusions

1.1 The EESC notes the deeper trade relations between the EU and Morocco. Nevertheless, it calls for greater civil society involvement in the design and implementation of the trade agreements and advocates the effective and broad inclusion of sustainable development.

1.2 The EESC notes Moroccan concerns that the new EU-Morocco trade agreements will continue to have a negative impact on its trade balance. Faced with growing scepticism within Moroccan civil society, the EU needs to respond with a trade strategy that not only promotes trade in goods, but also lays the foundations for creating decent skilled jobs, promoting the voluntary sector, consolidating labour rights⁽¹⁾ and protecting the environment.

1.3 So as to ensure that sustainable development standards are met after the Deep and Comprehensive Free Trade Agreement (DCFTA) comes into force, the EESC urges the European Commission's DG Trade to insist that a chapter on sustainable development be included in the agreement, setting out mechanisms for follow-up by civil society.

1.4 The EU will only experience the full potential of a new trade agreement with Morocco if progress is made on investment protection and legal certainty for investors is ensured. The EESC points out that the new trade Dispute Settlement Mechanism is an incentive for a more favourable trade environment.

1.5 The EESC would, however, stress that civil society monitoring of the DCFTA sustainable development chapter ought to be coordinated by the Moroccan Economic, Social and Environmental Council and the EESC, given the representative nature of these bodies and the expertise they have in providing such follow-up.

1.6 The EU and Morocco should seek to enhance the full potential of such an agreement by increasing the levels of investment in all areas of training and in gender equality measures as soon as possible. They should give priority to the specific needs of young people and women and people from the most disadvantaged areas. The EESC believes that EU financial support programmes should contribute to advancing human rights and labour rights and legislation to promote equality.

1.7 The Mobility Partnership between Morocco and the EU will only open up new development prospects in the most vulnerable areas if substantial financial support is provided to strengthen legal and operational capacity and instruments. The management of migration flows and free movement of persons could be improved if civil society organisations were more actively involved.

⁽¹⁾ In line with the provisions of the International Labour Organisation (ILO).

1.8 Morocco relies on agriculture as one of the main drivers of its economy. New opportunities for Moroccan farming in the EU market should not result in the country's external dependence for basic raw materials, biodiversity loss and the disappearance of family farms ⁽²⁾. Morocco and the EU should cooperate to ensure food security.

1.9 Ongoing negotiations for a Deep and Comprehensive Free Trade Agreement (DCFTA) should bring Moroccan legislation closer to the standards of the EU *acquis*. This will be a complex process and will require close and sustained cooperation with realistic time frames for important issues such as intellectual property or health and phytosanitary measures.

1.10 The EESC calls for Moroccan and EU economic and social stakeholders to be more actively involved in designing, monitoring and implementing trade agreements. In this connection the EESC advocates setting up a joint consultative committee comprising the Moroccan Economic, Social and Environmental Council and the EESC, on the basis of Article 85 of the Association Agreement, in order to enable organised civil society to monitor the impact of all EU-Moroccan agreements, including the overall impact of trade agreements between the EU and Morocco. Furthermore, direct relations between similar EU and Moroccan organisations should also be strengthened, supporting their initiatives in the context of social dialogue between workers and employers and in other areas.

2. Introduction

2.1 The EU and Morocco have very strong bilateral relations which have resulted in important agreements, which include trade relations among their main pillars. The EU is not merely Morocco's main trading partner since it counts on Morocco as a primary strategic partner in the development of democracy and prosperity in the Mediterranean region.

2.2 Traditionally, EU-Morocco trade relations have been marked by intense and sometimes difficult negotiations over market access and the gradual liberalisation of tariffs. Agriculture has featured prominently in these discussions but now, since the liberalisation of the agricultural chapter is almost complete, a broader dynamic has been adopted, through new instruments, to improve the overall trade environment.

2.3 Morocco has embarked upon a complex process to get closer to the standards of the EU *acquis*. This effort should allow greater benefit to be drawn from the instruments of the new European Neighbourhood Policy and a higher degree of integration. The Kingdom of Morocco remains the main beneficiary of EU funds for technical and financial cooperation.

2.4 The EU's reaction to the 'Arab Spring' focused on promoting trade relations with four Mediterranean countries: Egypt, Tunisia, Jordan and Morocco. The EU has stepped up negotiations with Morocco and other Mediterranean partners, while re-orientating its reading of the political and social situation in the region and overhauling its political strategy for the entire Mediterranean region.

2.5 Morocco has embarked upon a set of reforms that have led to a new Constitution which seeks to adapt to changes in the Mediterranean region and to meet the EU's conditions for moving towards greater integration. However, the EESC believes that the challenges remain immense and require continuous and coherent long-term action.

2.6 In this new outlook on trade, it is vital to consider ways to guarantee the effective participation of EU and Moroccan civil society in the design and implementation of the trade agreements, following the principle of civil society involvement in other recent trade agreements reached by the EU. These joint discussions should also consider the social and environmental concerns of a society which increasingly calls for future trade agreements to be guided by sustainability.

⁽²⁾ See FAO definition of family farming. www.fao.org/family-farming-2014

3. Long-term EU-Morocco trade relations

3.1 The EU is Morocco's main trade partner and foreign investor, followed at some considerable distance by the US and China, who in recent years have made an effort to step up trade relations with a Mediterranean partner.

3.2 Morocco has a service economy which has made significant efforts towards sector diversification in recent years. EU-Morocco trade occurs mainly in the processed products sector, transport equipment and machinery, food and chemical materials. Morocco is a high-potential economy but its economic growth has nevertheless fallen over the last year.

3.3 Its most important partner within the EU is France, followed closely by Spain and the United Kingdom, whose investments are concentrated in sectors such as tourism, services, banking and transport. Although Morocco has not felt the full force of the international economic crisis, it is beginning to suffer collateral damage from an uncertain economic context in sectors such as tourism, transport and migrant remittances. Poverty and widespread unemployment are at the root of the region's economic, migration and security problems. The European economic slowdown also has an impact on the situation.

3.4 Commercial ties have grown stronger over the last decade since the entry into force of the Association Agreement of 2000 and the Action Plan adopted in July 2005 as an integral part of the European Neighbourhood Policy. The Advanced Status granted in 2008 has opened up a new phase, taking association to a more ambitious and broader level. In 2012, a new trade Dispute Settlement Mechanism began to operate. During the same year, the agriculture and fisheries sectors were both the subject of controversial trade agreements. In 2013, the EU opened negotiations with Morocco on an agreement on the protection of geographical indications, which the parties hope to conclude by 2014.

4. The Arab Spring and the development of a new outlook on trade

4.1 The Arab Spring has revived EU efforts to rework its role in this region by overhauling its activities, instruments and relations. The EU has adopted new instruments in an effort to provide a quick and coordinated response through a balanced and gradual liberalisation of trade to establish an area of peace and prosperity in the Mediterranean.

4.2 In May 2012, the Commission published the roadmap to guide the implementation of EU policy vis-à-vis its Mediterranean partners in the framework of the new European Neighbourhood Policy.

4.3 The promotion of trade relations with its Mediterranean partners, and Morocco in particular, has become an important objective for the EU in this new strategy, which seeks to overcome a political and economic context fraught with uncertainties.

4.4 On 1 March 2013, the EU formally launched EU-Morocco negotiations for an ambitious Deep and Comprehensive Free Trade Agreement. The objective, as already demonstrated in the similar agreements negotiated (but not yet finalised) with the EU's Eastern Partnership neighbours, notably Ukraine, Georgia and Moldova, is to go 'behind the borders' to bring about greater regulatory coherence between the EU and specific neighbouring countries. It is to broaden traditional trade-related questions and address fundamental issues in order to improve the global trade environment (protecting investment, public procurement, services, etc.), bring Morocco closer to the rules of the EU internal market and broach specific issues which had been sidelined during earlier negotiations (intellectual property, health and phytosanitary measures, etc.).

The European Commission has recognised the importance of this new agreement's chapter on social and environmental sustainability, following the precedent already set in every recent trade agreement reached by the EU. The EESC has also adopted several opinions calling on the EU also to prioritise social and environmental issues when negotiating free trade agreements.

5. Trade aspects of sustainable development — EU-Morocco negotiations for a DCFTA

5.1 The last stage in EU-Morocco relations will be determined by the opening of negotiations for a DCFTA. Once tariffs have been dismantled for agricultural and industrial goods, the main objective will be to improve the trade environment and bring Moroccan legislation closer into line with the EU *acquis* ⁽³⁾. This bilateral agreement is of the utmost importance because it will be the model for similar agreements between the EU and some of its most important partners in the southern Mediterranean.

5.2 The European Commission has decided to include a specific chapter on sustainable development in the negotiations. In fact, the EU commissioned an impact assessment from the consultancy Ecorys for the 'sustainable development' ⁽⁴⁾ chapter of the agreement.

5.3 This study covers key issues to which the EESC would like to make a constructive contribution, so that both parties ensure that trade is used to foster sustainable development. Below are listed the key aspects which the EESC believes that the EU and Morocco must take into account to ensure that their deepened trade relations are consistent with economic, social and environmental development.

Economic development

5.4 Morocco's trade deficit with the EU has increased in recent years, partly as a consequence of trade liberalisation agreements, and has generated a degree of scepticism in Morocco about the 'opportunities' of the new agreement. Previous experience, based on agreements with the United States or Turkey, has heightened caution and concerns about excessive dependence on external resources. A flagship sector such as agriculture shows signs of growing Moroccan dependence on the importation of basic raw materials like milk and cereals, which undermines its food sovereignty. The trade strategy between the two parties must promote **production diversification**.

5.5 The European sector continues to call for greater investment protection to ensure the **legal certainty** required to facilitate foreign direct investment. The progress made in recent years should lead to additional changes in Moroccan legislation. European businesses continue to count on Morocco as a place where certain phases of 'offshore' production can be relocated. Sectors relating to the automotive, aviation and electronics industries have been pioneers, but transparent regulation and new forms of collaboration with national businesses could create new opportunities.

5.6 The EU sees great potential for its businesses to benefit from new opportunities in the services and financial sector. For its own part, Morocco wants more EU funds to facilitate the complex process of legislative harmonisation.

5.7 The economic benefits of free trade with Morocco have often been concentrated in specific sectors or areas of the country, which has contributed to the marginalisation of the most disadvantaged areas. Impact assessments should make it a priority to analyse the advantages and risks for **local and regional communities**.

Social development

5.8 The new trade boost must not be allowed to undermine the rights of workers. Trade union rights must be strengthened and the foundations set for creating **decent quality employment, in line with ILO standards**. A traditional failing of EU-Morocco trade relations has been the lack of job creation.

5.9 The EU and Morocco must **invest in training** so that the new opportunities can also benefit the lower skill strata, workers in disadvantaged areas, young people and women. The promotion of entrepreneurs, the reinforcement of cooperatives and the development of small and medium-sized enterprises should be a pillar of the new training strategy. Social economy initiatives should be promoted.

⁽³⁾ In 2015, Morocco is expected to submit a plan for legislative convergence with the EU *acquis*.

⁽⁴⁾ Trade sustainability impact assessment (TSIAs) in support of negotiations of DCFTAs between the EU and the Kingdom of Morocco and the Republic of Tunisia.

5.10 **The Mobility Partnership** between Morocco and the EU ⁽⁵⁾ is the outcome of intensive efforts by both parties to facilitate the free movement of people and to manage migration flows. The EESC welcomes the commitment of the EU and Morocco to give civil society organisations a greater role in monitoring the different points agreed by the parties.

5.11 This partnership should contribute towards improving academic exchange, the transfer of research information and towards cultural and tourism flows. The brain drain is clearly a problem and must be addressed through specific provisions.

5.12 EU financial support to facilitate legislative convergence should promote the practical application of the legislation to promote **gender equality and fundamental rights**. It is not enough to generate more legislation to empower women; regular improvements must be seen on the ground and the work of civil society organisations should be supported.

Environmental development

5.13 **The conservation of natural resources and biodiversity** is not incompatible with increased growth in trade. Trade liberalisation must not lead to an increase in activities with potential negative environmental impacts. The EU and Morocco must prioritise gradual environmental harmonisation, based on set time frames, despite the financial cost involved in aligning rules on health and phytosanitary protection, the management of industrial residues or water pollution.

5.14 Trade sustainability impact assessments carried out by the EU on its trade relations with Morocco have still failed to close a serious gap in these agreements; the **detailed monitoring** of their environmental impact as progress is made towards trade liberalisation. This makes it essential to give EU and Moroccan civil society the tools to support their authorities in the difficult task of pursuing economic growth and increasing trade without undermining the environmental protection required.

5.15 The negotiation of a **fisheries agreement** between the EU and Morocco ⁽⁶⁾ is an example of the need for all trade initiatives to entail respect for human rights, environmental sustainability and benefits for the affected local communities. The legitimacy of these agreements can only be ensured if they are combined with measures that guarantee their sustainability.

6. The question of agriculture: threat or opportunity?

6.1 The agricultural sector is an important component of Morocco's social and economic fabric. In 2012, it represented 15 % of its GDP and remains the main source of employment in the country, employing 43 % of the working population and comprising 78 % of rural jobs. Average pay in Morocco is between EUR 0,55-0,65/per hour ⁽⁷⁾, seasonal workers have not been able to take full advantage of labour rights, and child labour on Moroccan farms persists. The livestock sector is also important to Morocco's farming economy, representing 30 % of agricultural added value and 20 % of the rural working population.

6.2 Furthermore, the food industry plays a strategic role in the Moroccan economy. The sector comprises 1 700 businesses, which represent a quarter of the country's total industrial production.

7. EU-Morocco agreement on agriculture

7.1 Strong EU-Morocco agricultural ties date back to the Euro-Mediterranean Association Agreement signed between the European Communities and Morocco on 26 February 1996, and subsequent amendments introduced by new agreements. The most recent stage was concluded in 2012 with a new agreement on agriculture, which the European Parliament adopted by a majority.

7.2 Looking at the agricultural agreement alone, relations between the two countries have been difficult, especially with southern EU countries, due to competition in the fruit and vegetable sector, mainly as a result of quota overruns and at certain times alleged irregularities in the Moroccan entry-level prices for tomatoes, a flagship product of the agreement.

⁽⁵⁾ The Joint declaration establishing a Mobility Partnership between the Kingdom of Morocco and the European Union and its Member States was signed in Brussels on 3 June 2013.

⁽⁶⁾ On 24 July the European Commission and the Kingdom of Morocco concluded a new fisheries agreement which should put an end to an 18-month paralysis of the European fishing fleet in Moroccan fishing grounds. The European Parliament will have to endorse or reject the agreement, ensuring its environmental sustainability.

⁽⁷⁾ Source: Moroccan National Federation for the Agricultural Sector (UMT).

7.3 The EESC believes that criteria and clauses should be introduced in the EU-Morocco agreement on agriculture, making it possible to verify the impact of trade opening for both sides, in particular the impact on the environment and labour rights.

8. Green Morocco Plan (Plan Maroc Vert — PMV)

8.1 The framework of the agreement on agriculture is completed by two other future, closely interlinked actions: the Green Morocco Plan and the so-called 'Advanced Status'.

8.2 The 2020 PMV aims to increase the added value of the country's agriculture GDP and quadruple its olive oil production by 2020 to 340 000 tonnes, whereas its citrus production is to be increased from 1,5 to 3,7 million tonnes and its fruit and vegetable production from the current 4,45 million tonnes to 10 million tonnes. Meanwhile, the overall 5,3 million hectares used for cereal production will be scaled back to 4,2 million hectares. The Moroccan government claims that it intends to increase productivity even though foreign investment will go to the fruit and vegetable sector. As a result, Morocco's main priority is to improve its trade balance and to do this it has to support the export sector.

9. Advanced Status

9.1 On 17 April 2013, the Commission published the Joint Proposal for a Council Decision on the implementation of the EU-Morocco Action Plan implementing the advanced status (2013-2017), which explicitly mentions, as a first measure, 'Modernisation and capacity-building in agriculture with a view to trade liberalisation, in accordance with the perspectives of the Green Morocco Plan (Plan Maroc Vert — PMV)'.

9.2 The agricultural improvements included in the plan to implement the advanced status already benefit from EU funds which go directly and exclusively towards supporting Pillar II of the Green Morocco Plan. In the last ten years, the EU has granted Morocco EUR 1 330 million in development funds. Between 2011 and 2013, another EUR 565 million were earmarked, including EUR 70 million through the support programme for Morocco's agricultural sector policies (PAPSA), followed by EUR 60 million for a second programme. Part of this EU support is being used to develop Mediterranean arboriculture, especially olive trees.

10. Food security

10.1 These measures to develop the agrarian economy will undoubtedly contribute to the objectives of Pillar I of the PMV: an increase in the export of predominantly irrigation-fed fruit and vegetables. It is with good reason that the outcomes of the models set out in the impact assessments published by Ecorys in 17 October 2013 forecast a possible expansion of the fruit and vegetable sector and plant products thanks to the DCFTA.

10.2 Morocco's laudable efforts to improve its agricultural efficiency run up against the shortage of arable land. Sixty-five percent of farmland is taken up by cereal production, followed by 11 % for fruit trees (citrus fruit and olives); 4 % for industrial crops (sugar beet and sugar cane) and another 4 % for legumes and 3 % for other fruit crops (tomatoes, strawberries, melons etc.). Fruit and vegetable crops are the spearhead of Moroccan exports.

10.3 The handicap for the development of Pillar II of the PMV is substantial: only 12 % of surface area is utilised agricultural land, much of which is non-irrigated. Small family farms of under five hectares dominate the agricultural landscape (over 70 % of all Moroccan farm holdings occupy less than a third of Moroccan agricultural land).

10.4 The transition from cereal production to intensive farming in Morocco is aggravating salinisation — something to which, moreover, we are no strangers in the northern Mediterranean — and affects 5 % of the country's area. The EU must act to help ensure a balance between the two pillars of the PMV is achieved and to foster an agricultural sector geared to small farmers, since it is currently totally imbalanced in favour of export farming, which very largely excludes the majority of Moroccan producers. The next 'ENPARD' pilot projects in Morocco could also open up new opportunities for them.

11. The role of civil society

11.1 *Reforms, freedom of association and civil society*

11.1.1 In the case of some countries in the region, freedom of association, in a more or less consolidated form, did not exist prior to the ongoing democratic transitions. However, in Morocco, independent associations representing workers, employers and other civil society associations pre-date the current reforms. These associations had freedom of action, albeit subject to certain limits and restrictions by the political authorities.

11.1.2 Reforms carried out in recent years have improved the situation, which is why Morocco's political liberalisation is held up as an example for other Arab countries to follow. Nevertheless, there are still areas which could be improved.

11.1.3 Civil society organisations are experiencing a period of growth even if many activists complain of enduring administrative barriers, especially with respect to formalities for registering associations.

11.1.4 It is worth noting that the institutional instruments adopted during the political reform include the establishment of a Moroccan Economic and Social Council in February 2011 (now the Economic, Social and Environmental Council) with advisory and assessment functions vis-à-vis the government, the House of Representatives and the House of Councillors with respect to economic, environmental, and vocational training policy orientations. The Moroccan EESC is also responsible for promoting and strengthening ties with social and economic stakeholders.

11.1.5 There are a number of associations that are not represented in the Moroccan EESC but which have a proven track record in defending women's rights and human rights in general or in fighting corruption.

11.1.6 Other advisory bodies regulated by the Constitution include the National Human Rights Council, the Central Observatory for the Prevention of Corruption, the Youth Council, the Council for the Moroccan Community Abroad, the Competition Council, and the Security Council. The councils for justice, family, gender parity and the national council for Moroccan languages and culture have yet to be established.

11.2 *European and Moroccan civil society participation in EU-Morocco agreements*

11.2.1 As already stated in the EESC's previous opinion on Morocco ⁽⁸⁾, negotiations on the Association Agreement were concluded without sufficient prior consultation with economic and social organisations.

11.2.2 The Association Agreement in force does not establish a concrete mechanism for civil society participation in the agreement's follow-up and development.

11.2.3 Article 85 of the Association Agreement requires the Association Council to take measures to facilitate cooperation between the European Economic and Social Committee and its counterpart in Morocco.

11.2.4 Since the Moroccan EESC has already been established and cooperates closely with the EU EESC, the two institutions should call on the Association Council to set up a joint consultative committee, which could submit reports and requests to the Association Council and the Association Committee.

11.2.5 The joint consultative committee would comprise six representatives from the Moroccan EESC and six EU EESC members, who would hold two meetings a year, alternating between Morocco and the EU.

11.2.6 It would also be appropriate to establish other mechanisms to complete participation in EU-Morocco relations, e. g. for social dialogue between employers and workers.

Brussels, 26 February 2014

The President
of the European Economic and Social Committee
Henri MALOSSE

⁽⁸⁾ Opinion CES264/2010, rapporteur: Margarita López Almendáriz.

III

(Preparatory acts)

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

496TH PLENARY SESSION OF THE EESC ON 26 AND 27 FEBRUARY 2014

Opinion of the European Economic and Social Committee on the ‘Proposal for a Council Directive amending Directive 2006/112/EC on the common system of value added tax as regards a standard VAT return’

COM(2013) 721 final — 2013/0343 (CNS)

(2014/C 214/04)

Rapporteur: **Mr Páleník**

On 8 November 2013, the Council decided to consult the European Economic and Social Committee, under Article 113 of the Treaty on the Functioning of the European Union, on the

Proposal for a Council Directive amending Directive 2006/112/EC on the common system of value added tax as regards a standard VAT return

COM(2013) 721 final — 2013/0343 (CNS).

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 13 February 2014.

At its 496th plenary session, held on 26 and 27 February 2014 (meeting of 26 February), the European Economic and Social Committee adopted the following opinion by 130 votes to 1 with 5 abstentions.

1. Conclusions and recommendations

1.1 The EESC welcomes the introduction of a standard VAT return. This is a new instrument that, if properly implemented, could cut red tape for companies in the EU and thereby better capitalise on the potential of the single market, as well as improving the efficacy of tax collection and the fight against tax fraud. At the same time, the Committee calls on the Commission not to let up in its efforts when it comes to implementation.

1.2 The EESC supports maximum standardisation of the manner and form of submitting a standard VAT return, which will yield a reduction in red tape, especially for companies operating internationally, thus making them more competitive. Reining in distortion of competition will also prevent jobs being lost. However, this proposal is just a first small step in tackling the many differences between Member States on VAT rules and formalities. The costs and benefits of changing the VAT reporting scheme (and internal procedures) for enterprises — especially SMEs — need to be carefully considered.

1.3 The EESC refers to the proposal announced by the Commission in its working programme entitled ‘Towards a definitive VAT system’ and stresses the fact that the many differences in VAT rules and formalities between Member States originate from the different options provided for in the VAT Directive. The EESC welcomes the proposal put forward, which constitutes a first and very necessary step forward in making the fight against tax evasion and fraud more effective and cutting the red tape entailed in implementing the directive. When working towards a definitive VAT system, the impact on reporting systems and changes to internal procedures (creating extra costs for companies and authorities) have to be taken into account.

1.4 The EESC backs the Commission's initiative with regard to establishing the technical details, procedures and definitions, as well as the methods of electronic submission of the standard VAT return. It is perturbed, however, by the attempt to use the comitology procedure also to establish the principles for making corrections to the return. It therefore proposes that the details of this actually be enshrined in the final version of the directive.

1.5 The EESC calls on the Commission to communicate some aspects of the proposal more clearly, especially the possibility for Member States to collect interim VAT payments while extending the VAT return period to a quarter for microenterprises with a turnover below EUR 2 000 000 and the reduced requirement for administrative capacity this will entail for countries' tax authorities.

1.6 The EESC endorses the 'once only' principle, which would ensure that businesses supply certain information to national authorities only once. Data should be collected in such a way that national authorities can use them for both inspection (preventing tax evasion and fraud) and for statistical purposes. This would avoid a double obligation on businesses to fill in various forms and VAT declarations.

1.7 The EESC recommends better application by Member States of mechanisms to improve the functioning of the business environment, especially making tax due only after the invoice has been paid by the purchaser — which would avoid a situation in which honest businesses are in effect lending to the state — and maintaining appropriate deadlines for refunding of excess VAT deductions. The introduction of such mechanisms must not, in the EESC's view, entail additional red tape.

1.8 The EESC thinks it absolutely essential that the Commission also embark upon effective standardisation of timeframes and deadlines for the whole spectrum of VAT-related payments (instalments, payment of tax, return of excess payments) and corrections to tax returns so that the aims of the proposal are met to the full.

2. Background

2.1 Reducing red tape for the benefit predominantly of SMEs is an important issue, above all because it lets companies concentrate on actually doing business. The EESC welcomes the proposal for a directive, which aims to boost the international competitiveness of EU companies and improve the functioning of the single market. The benefits this would have on company operations can be subsequently reflected in gains for tax collection, public-sector and national budgets, funding for social cohesion, greater accessibility of public services and more effective public administration. Its overall impact is expected to benefit the average European Union citizen, as well as SMEs.

2.2 As the Commission's proposal states, value-added tax (VAT) provides on average around 21 % of national tax revenue, making it an important source of revenue for Member States' budgets. However, the Commission estimates that around 12 % of potential VAT receipts remains uncollected each year. It is vital, therefore, that the EU and its Member States seek to make VAT collection and the battle against tax fraud and evasion more effective, while at the same time supporting any initiative that helps retain jobs.

2.3 If properly implemented, this proposal for a directive, which aims to introduce a standard VAT return, could improve the efficacy of tax collection and the fight against tax fraud. It can also help to tackle the difficulties of companies exporting within the EU single market.

2.4 At present, harmonisation on VAT returns is minimal and the Member States take into account their own specificities when deciding what should be included in returns. The way the VAT returns system is currently configured means that businesses operating internationally incur increased costs due to complicated red tape and return forms in different languages. The EESC supports maximum harmonisation in the way VAT returns are filed.

2.5 The aim of the present proposal is to introduce a standard VAT return to make it easier for all companies to do business and to reduce red tape. Businesses have given their backing to the idea and SMEs in particular are asking not to have to file returns so often. PwC estimates⁽¹⁾ put at EUR 17,2 billion the net savings for the EU-27 to be made from cutting red tape and introducing a compulsory standard VAT return for all Member States.

⁽¹⁾ PwC (2013): Study on the feasibility and impact of a common EU standard VAT return.

2.6 While harmonisation of VAT returns would mean savings for businesses, it would also mean that national tax authorities had to make an extra one-off investment. According to the PwC study (2013), tax authority expenditure on the IT needed to implement the standard VAT return would be around EUR 800 million to 1 billion. In the medium to long term, this expenditure should be offset by gains in the efficacy of tax collection and the fight against tax fraud and evasion. At the same time, it should be stressed that implementation of the proposal will also entail unavoidable costs for taxpayers (change of accountancy software).

3. General comments

3.1 The EESC welcomes the proposal for a Council directive introducing a standard VAT return. This would improve the business environment in the EU single market by reducing red tape and simplifying the filing of VAT returns in the various countries. Having the same form of VAT return in each country will make it easier for taxable persons to operate in several markets and will help the single market to become more competitive.

3.2 The EESC thinks this is a correct step to take in the endeavour to prevent distortion of competition, keep jobs and improve control mechanisms when tax authorities are exchanging information among themselves and with businesses. The introduction of a standard VAT return will make this achievable. It should only be possible to require additional information — beyond that provided for in the proposal — when this information is essential for tax inspection and combating tax evasion and fraud.

3.3 It must be said that the proposed modification is a complex change that will affect not just taxpayers, but also tax authorities in all the Member States and will require a change in the substance and form of their current VAT returns, especially with a view to e-filing. The EESC particularly wants to draw attention to the proposal entitled 'Towards a definite VAT system' and stress to the Commission that the aims of this should be taken on board, especially in the implementation of the present proposal, so that aspects relating to the single VAT return do not need to be radically altered.

3.4 The EESC points out that there may be difficulties in some cases incorporating the standard VAT return into the systems of tax authorities if the powers to set the technical details are delegated to the Commission, since different systems are used for the collection and processing of tax returns. The EESC supports those parts of the proposed Article 255a of the Commission's directive that transfer the following powers to the Commission: setting of technical details (letter (a)), establishing definitions and procedures (letter (b)), and electronic security methods (letter (d)). The EESC also draws attention to the possibility of using non-legislative measures, such as a voluntary approach or examples of best practice, to attain the proposal's aims. If powers are conferred on the Commission, the EESC would like to be consulted when the details of Article 255a are being drafted so it can take a position.

3.5 A standard VAT return will enable Member States to exchange information promptly and may be beneficial in reducing tax fraud. It may also help to make tax collection and budget consolidation more effective.

3.6 The EESC welcomes electronic filing (e-filing), while pointing out possible complications for some Member States when it comes to simplifying collection and processing of data from VAT returns and the proposed standard VAT return. It may also bump up costs for some businesses, so companies should have the option of making a return on paper, provided this does not make it more difficult to prevent tax evasion and fraud.

4. Specific comments

4.1 Businesses with an annual turnover below EUR 2 000 000 or equivalent in the national currency are eligible to submit quarterly returns. The EESC thinks this threshold is too high for some Member States and proposes the possibility of lowering it so that Member States can factor in the particular nature of their business environment. Regarding the proposed alterations to Article 206, permitting quarterly returns could be detrimental to public-sector budget cash-flows in some countries. For this reason, the EESC suggests that the Commission retain the option of using VAT instalment payments to compensate for potential shortfalls in VAT revenue due to an extension of the tax period for a large number of taxpayers.

4.2 The EESC is in favour of standardising basic data in the return and welcomes the addition to the data and items of a box for tax deduction. The Committee welcomes the Commission's endeavour to avoid implementation of the proposal causing increased red tape when only the mandatory part of the standard VAT return is applied (under Article 250). The EESC calls on the Commission to oblige Member States to allow filing of the single VAT return in any Union language, which would cut red tape.

4.3 The EESC expresses its support for the introduction of a standard VAT return which would have the same standard form for all Member States. For this reason, the EESC proposes that the standard VAT return should have two parts and that the Member States would decide whether to use only the mandatory part in accordance with Article 250 of the proposal for a directive, or to also require completion of selected data in accordance with Article 251. At the same time, it is vital to enable tax authorities to require additional information in instances where this information will contribute to fighting tax evasion and fraud more effectively. The possibility of requiring further information for a limited period specified in advance would be based on an application made to the Commission committee established for this purpose. The EESC takes the view that this information should constitute a further part of the standard VAT return so that the mandatory part (Article 250) and the optional part (Article 251) have a standard form even if an exemption is applied regarding additional information required from taxable persons.

4.4 The EESC welcomes the proposal to cut red tape for businesses by not requiring them to provide tax information twice, which will be the effect of repealing Article 261 of the directive. The EESC calls on the Commission to disseminate examples of best practice to encourage Member States to collect and exchange information effectively.

4.5 When the amended standard VAT return directive is implemented in its definitive form, taxpayers must be given enough time to find out about and familiarise themselves with the new tax declaration form. The EESC thinks the standard VAT return is a matter of importance and so it is imperative to strike the right balance between the quality of the final form of the directive and how swiftly it is implemented. That said, the Committee would welcome a more ambitious deadline for implementation. At the same time, the Committee calls on tax authorities in the Member States to give taxpayers the utmost support in familiarising themselves with the various elements of the directive, for example by making online preparation courses available.

4.6 It must be stressed that there are a number of legal provisions (deadlines, rules, etc.) in force in the Member States for the refunding of VAT that the present proposal neglects to take sufficiently into account. The proposal for a directive also fails to reflect clearly enough the fact 1) that Member States have systems — linked to the structure of the tax return — for analysing risks, selecting businesses for tax inspection and uncovering tax fraud, and 2) that the structure of national tax returns is tailored to domestic circumstances. The EESC calls on the Commission to make it absolutely clear to the Member States that they should each do their utmost to improve the collection and exchange of information between national authorities (customs authorities, institutes of statistics, etc.).

4.7 The EESC supports the 'once only' principle, which would ensure that businesses only provide the same information once. Detailed data can be collected in particular justified cases so that checks essential for combating tax evasion and fraud can be performed. The proposal makes it possible to require information that will enable inspection to be carried out as well as it can be. It should also be possible to use the information provided for statistical purposes, thus preventing businesses having to provide the same information to several bodies and in different documents and formats.

4.8 In the view of the EESC, it would help to improve the workings of the EU single market if tax authorities refunded VAT at appropriate intervals while maintaining the fight against tax evasion and fraud at an adequate level. A similar effect could be achieved on SMEs by more effective implementation of the rule making tax payable only when the invoice has been paid. This would prevent the undesirable phenomenon of defrauded companies lending to the state. The EESC therefore calls on the Commission to urge the Member States to implement this rule, which would contribute to a transparent business environment.

4.9 The present proposal for a directive provides for the delegation to the Commission of implementing powers regarding correction of tax returns. At the same time, it gives Member States the right to enable correction of the standard VAT return and to set deadlines for making these corrections. Since, in the view of the EESC, the impact comitology has on particular Member States is unclear here, all matters regarding correction of the standard VAT return should be set out in the proposal for a directive itself and their subsequent performance fall within the powers of individual Member States. At the same time, the EESC asks to participate actively in the drafting of implementing acts related to this directive.

Brussels, 26 February 2014

The President
of the European Economic and Social Committee
Henri MALOSSE

Opinion of the European Economic and Social Committee on the ‘Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters’

COM(2013) 554 final — 2013/0268 (COD)

(2014/C 214/05)

Rapporteur: **Mr PEGADO LIZ**

On 25 September and 8 October 2013, respectively, the Council and the European Parliament decided to consult the European Economic and Social Committee, under Articles 67 and 81 of the Treaty on the Functioning of the European Union, on the

Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters

COM(2013) 554 final — 2013/0268 (COD).

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 10 February 2014.

At its 496th plenary session, held on 26 and 27 February 2014 (meeting of 26 February), the European Economic and Social Committee adopted the following opinion unanimously.

1. Conclusions and recommendations

1.1 The purpose of the proposal for a regulation ⁽¹⁾ referred to the EESC is to amend Regulation (EU) No 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.

1.2 The proposal has a dual purpose: on the one hand, enabling compliance between the Agreement on a Unified Patent Court or ‘UPC Agreement’, signed on 19 February 2013, and the statute of the Benelux Court of Justice, amended on 15 October 2012 ⁽²⁾, and the Brussels I Regulation (recast); on the other hand, to address the lack of common jurisdiction rules vis-à-vis defendants in non-European Union States.

1.3 The EESC supports the initiative of the EP and the Council, which is essential for legal certainty and security in relation to unitary patent protection in the European Union.

1.4 The EESC is pleased with the simplicity of the four new provisions to be added to the Brussels I Regulation; it considers these to be necessary, sufficient, duly justified and timely.

1.5 However, the EESC regrets that it was not consulted at a timely stage on the proposals for regulations to implement enhanced cooperation on ensuring unitary patent protection and on the package establishing the Unified Patent Court, in view of its previous opinions on these subjects.

1.6 Given the lack of previous consultation, the EESC would like to raise some questions at this late stage on the structure and functioning of the Court, which it believes need to be discussed in depth. In particular the EESC

- insists that the fees involved should be clear and transparent and applicable without any kind of threat to the right of access to justice,
- recommends that Rule 14 (2) should be either deleted or substantially modified and
- stresses the need of high professional training of the selected judges.

⁽¹⁾ COM(2013) 554 final.

⁽²⁾ See the text of the Decision of the Ministerial Committee of the Benelux Economic Union of 8 December 2011 establishing a Protocol amending the Treaty of 31 March 1965 concerning the establishment and statute of a Benelux Court of Justice M (2011) 9, and the text of the protocol concluded in Luxembourg on 15 October 2012, in Bulletin Benelux, no. 2, 2012, of 15.11.2012, at http://www.benelux.int/wetten/Publicatieblad/Publicatieblad_2012-2_fr.pdf. See also the original text of the Treaty of 31 March 1965 as amended by the Protocols of 10 June 1981 and 23 November 1984 at <http://www.courbeneluxhof.be/fr/basisdocumenten.asp>.

2. Background

2.1 The Commission's proposal to the EP and the Council is the latest stage in the lengthy saga of the 'European patent with unitary effect'.

2.2 Calls for a patent providing uniform legal protection within the European Union go back to the 1960s. There has been a series of attempts and failures to achieve this.

2.2.1 This long and rocky road has at least led to one partial success: the establishment of a European patent by the Munich Convention signed on 5 October 1973, which also established a joint patent application procedure to the European Patent Office (EPO).

However, there are as many national legal rules on this European Patent as the number of countries specified by applicants. This is why States, institutions and users have long been advocating a simple system to ensure patent protection in the EU.

2.2.2 We have seen many attempts to establish 'Community', subsequently 'European Union' patents, but one after another these have failed. For example, the 1975 Luxembourg Convention on the community patent never entered into force due to failure to reach agreement between the Member States.

2.2.3 It was not until 2000 that the discussions on the future Community Patent were re-launched by the European Council at the Lisbon Congress, which announced a general programme to boost the competitiveness of European business. Directly after this meeting the European Commission put forward a proposal for a regulation to establish a new unitary industrial property certificate, the Community Patent ⁽³⁾.

2.2.4 In 2003 the Member States agreed on a joint political approach but were unable to reach final agreement, in particular on language arrangements ⁽⁴⁾. Following a broad consultation process in 2006, in April 2007 the Commission published a communication which reiterated its commitment to a community patent ⁽⁵⁾, followed by a communication in July 2008 on 'An Industrial Property Rights Strategy for Europe' ⁽⁶⁾, and re-launched negotiations with Member States.

2.2.5 In the absence of a consensus, and following the Council's decision of 10 March 2011, on 13 April 2011 ⁽⁷⁾ the Commission proposed to establish a European patent with unitary effect, on the basis of enhanced cooperation. All the Member States except for Italy and Spain accepted this solution ⁽⁸⁾.

2.3 The 'patent package' comprises two regulations: Regulation (EU) No 1257/2012 implementing enhanced cooperation in the area of the creation of unitary patent protection and Council Regulation (EU) No 1260/2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements ⁽⁹⁾ — and an international Agreement laying the ground for the creation of unitary patent protection in the European Union.

⁽³⁾ OJ C 337, 28.11.2000.

⁽⁴⁾ The Competitiveness Council came very close to settling the outstanding issues at its November 2003 meeting (see MEMO/03/245); however, it failed to reach agreement on deadlines for submitting translations of claims.

⁽⁵⁾ COM(2007) 165 final.

⁽⁶⁾ COM(2008) 465 final.

⁽⁷⁾ Council Decision 2011/167/EU authorising enhanced cooperation in the area of the creation of unitary patent protection.

⁽⁸⁾ It should be pointed out that on 22 March 2013 Spain and Italy brought an invalidity action to the CJEU against the regulations implementing enhanced cooperation in the area of the creation of unitary patent protection (C-146/13 and C-147/13), an action which was rejected by a CJEU judgment of 16 April 2013.

⁽⁹⁾ OJ L 361, 31.12.2012.

2.4 The Unified Patent Court is provided for by an international agreement between 25 Member States (with the exception of Spain and Poland), signed on 19 February 2013 in parallel with the Competitiveness Council⁽¹⁰⁾ and 'outside the EU institutional framework'⁽¹¹⁾. The Court will have jurisdiction over conflicts on future unitary patents and also over currently existing 'conventional' European patents⁽¹²⁾.

2.4.1 The UPC will be a specialised ad hoc court with local and regional branches in the EU. Instead of parallel procedures in national courts, parties to disputes should benefit from rapid and high quality judgments applicable in all Member States where the patent is valid.

2.4.2 The June 2012 European Council decided that the seat of the Court of First Instance's central division would be in Paris, with sections in London and Munich⁽¹³⁾.

2.4.3 This new system will provide a one-stop shop for European patent applications with unitary effect in countries participating in enhanced cooperation, as well as a court with multiple competences ranging from actions for patent infringement, actions for the declaration of non-infringement, actions for provisional and protective measures or injunctions, actions for revocation of patents, etc. This court will also have jurisdiction over questions raised under Article 32.1 (i) on EPO decisions.

2.5 The EESC has been in the forefront of those who have always advocated and supported the creation of a European patent, both in response to referrals to the Committee on intellectual property and internal market issues⁽¹⁴⁾, and in own-initiative or exploratory opinions⁽¹⁵⁾.

2.5.1 The EESC also adopted opinions in response to referrals on two proposals for Council Decisions, one 'conferring jurisdiction on the Court of Justice in disputes relating to the Community patent'⁽¹⁶⁾ and the other 'establishing the Community Patent Court and concerning appeals before the Court of First Instance'⁽¹⁷⁾.

2.6 However, the EESC was not consulted on the 'patent package' (with proposals for regulations which resulted in Regulations (EU) 1257/2012 and 1260/2012 of 17 December 2012⁽¹⁸⁾) or the draft Agreement on a Unified Patent Court, signed on 19 February 2013⁽¹⁹⁾.

3. EP and Council proposal

3.1 Article 89 of the Agreement on a Unified Patent Court stipulates that the Agreement shall enter into force:

a) on 1 January 2014

or

⁽¹⁰⁾ The EP had approved this on the preceding day. Bernhard Rapkay's report on the Regulation establishing a unitary patent was adopted by 484 votes to 164 against with 35 abstentions (under the co-decision procedure); Rafael Baldassarre's resolution on translation arrangements was adopted by 481 votes to 152 against with 49 abstentions (the EP having a purely consultative say on this text); finally, Klaus-Heiner Lehne's resolution was adopted by 483 votes to 161 against with 38 abstentions. This latter resolution on the jurisdictional system for patent disputes is a non-legislative text.

⁽¹¹⁾ See Council Doc 16351/12+COR 1 and Doc 6590/13 PRESSE 61, 19.02.2013.

⁽¹²⁾ OJ C 175, 20.06.2013.

⁽¹³⁾ Article 7 of the Agreement on a Unified Patent Court

⁽¹⁴⁾ See opinions: OJ C 155, 29.05.2001, p. 80; OJ C 61, 14.03.2003, p. 154; OJ C 256, 27.10.2007, p. 3; OJ C 306, 16.12.2009, p. 7; OJ C 18, 19.01.2011, p. 105; .OJ C 376, 22.12.2011, p. 62 OJ C 68, 06.03.2012, p. 28; OJ C 234, 30.09.2003, p. 55; .OJ C 234, 30.09.2003, p. 76; OJ C 255, 14.10.2005, p. 22; OJ C 93, 27.04.2007, p. 25; OJ C 204, 09.08.2008, p. 1; OJ C 77, 31.03.2009, p. 15; OJ C 132, 03.05. 2011, p. 47; OJ C 9, 11.01.2012, p. 29; OJ C 24, 28.01.2012, p. 99; JO C 76, 14.03.2013, p. 24.

⁽¹⁵⁾ See opinions: OJ C 100, 30.4.2009, p. 65; OJ C 44, 11.2.2011, p. 68; OJ C 143, 22.5.2012, p. 17; OJ C 299, 4.10.2012, p. 165; CESE3154/2013 (not yet published in OJ).

⁽¹⁶⁾ OJ C 112, 30.04.2004, p. 81.

⁽¹⁷⁾ OJ C 112, 30.04.2004, p. 76.

⁽¹⁸⁾ Proposals COM(2011) 215/3 final and COM(2011) 216/3 final, 13.4.2011.

⁽¹⁹⁾ Draft Agreement on a Unified Patent Court, and draft statute — final revised text of the presidency 16074/11, 11.11.2011.

b) on the first day of the fourth month after the deposit of the thirteenth instrument of ratification or accession in accordance with Article 84, including the three Member States in which the highest number of European patents had effect in the year preceding the year in which the signature of the Agreement takes place (Germany, France and the United Kingdom)

or

c) the first day of the fourth month after the date of entry into force of the amendments to Regulation (EU) No 1215/2012 concerning its relationship with this Agreement, whichever is the latest.

3.2 The purpose of the EP and the Council proposal under review is to adopt the requisite amendments to Regulation (EU) 1215/2012, firstly so as to ensure compliance between the UPC Agreement and that Regulation, and secondly to address the particular issue of jurisdiction rules vis-à-vis defendants in non-European Union States⁽²⁰⁾.

3.3 At the same time, given that the Benelux Court of Justice (BCJ) has parallel competences in various fields including intellectual property law, the proposal also takes into account the protocol adopted on 15 October 2012 amending the text of the Treaty of 31 March 1965 concerning the establishment and statute of the BCJ, which requires an amendment to the Brussels I Regulation (recast) with the aim firstly of ensuring compliance between the revised Treaty and the Brussels I Regulation (recast), and secondly addressing the lack of common jurisdiction rules vis-à-vis defendants in non-European Union States⁽²¹⁾.

3.4 The text under review therefore proposes the following amendments to Regulation (EU) 1215/2012:

- a) provisions addressing the relationship between the UPC Agreement and the Protocol to the 1965 Benelux Treaty on the one hand and the Brussels I Regulation on the other hand;
- b) provisions completing the uniform jurisdiction rules in relation to third State defendants in civil and commercial disputes brought before the Unified Patent Court and the Benelux Court of Justice in matters covered by the UPC Agreement or the Protocol to the 1965 Benelux Treaty.

3.5 In particular, these amendments require the addition of a new sentence to Recital 14, and four new provisions — i.e. Articles 71a to 71d to Regulation (EU) 1215/2012.

4. Observations

4.1 Of the three conditions for entry into force of the UPC Agreement, the only one which depends on action by the EU institutions is the condition referring to the amendments to Regulation 1215/2012⁽²²⁾ repealing Regulation 44/2001 (Brussels I)⁽²³⁾.

4.2 The proposed amendments are **necessary, appropriate, duly justified and timely**.

They are necessary because:

- a) firstly, a clear and explicit explanation was needed that the Unified Patent Court and the Benelux Court of Justice should be considered as courts within the meaning of Regulation 1215/2012 in order to ensure legal certainty and predictability for defendants which may be brought before those courts in a Member State different from the one designated by the rules of this Regulation.
- b) secondly, the Unified Patent Court and the Benelux Court of Justice should be able to exercise jurisdiction with respect to defendants not domiciled in a Member State. In addition, this Regulation should determine the cases in which the Unified Patent Court and the Benelux Court of Justice may exercise subsidiary jurisdiction. The aim of this proposal, i.e. to ensure access to justice and to avoid courts giving different rulings on the same subject, is obvious.

⁽²⁰⁾ The proposal was submitted to all national parliaments of EU Member States on 17/09/2013, in accordance with the subsidiarity principle (SG-Greffe (2013)D/14401).

⁽²¹⁾ The Benelux Court of Justice, established by a treaty of 31 March 1965, is a court common to Belgium, Luxembourg, and the Netherlands which has the task of ensuring the uniform application of rules common to the Benelux countries concerning various matters such as intellectual property law. The Protocol of 15 October 2012 enabled additional jurisdictional competences to be granted to the Court, including the areas covered by the Brussels I Regulation, although its initial role was essentially to give preliminary rulings on the interpretation of rules common to the Benelux countries.

⁽²²⁾ OJ L 351, 20.12.2012, p. 1; see opinion OJ C 218, 23.7.2011, p. 78.

⁽²³⁾ OJ L 12, 16.1.2001, p. 1; see opinion OJ C 117, 26.4.2000, p. 6.

- c) the rules of Regulation 1215/2012 on *lis pendens* and related actions should apply not only when proceedings are brought in Member State courts, both those subject to the above-mentioned international agreements and those which are not, but also where, during the transitional period referred to in Article 83(1) of the Agreement on a Unified Patent Court, proceedings concerning certain types of disputes relating to European patents as defined in that provision are brought before the Unified Patent Court on the one hand and a national court of a Contracting Member State to the UPC Agreement on the other hand.
- d) judgments given by the Unified Patent Court or Benelux Court of Justice should be recognised and enforced in Member States which are not Contracting Parties to the respective international agreements in accordance with Regulation 1215/2012.
- e) finally, judgments given by courts of Member States which are not Contracting Parties to the respective international agreements should continue to be recognised and enforced in the other Member States in accordance with Regulation 1215/2012.

4.3 The proposed amendments are **appropriate to the objectives** of:

- a) clarifying that the Unified Patent Court and the Benelux Court of Justice are 'courts' within the meaning of the Brussels I Regulation;
- b) clarifying the operation of the rules on jurisdiction with respect to the Unified Patent Court and the Benelux Court of Justice insofar as defendants domiciled in Member States are concerned, and creating uniform rules for the international jurisdiction vis-à-vis third State defendants in proceedings against such defendants brought in the Unified Patent Court and Benelux Court of Justice in situations where the Brussels I Regulation does not itself provide for such rules but refers to national law;
- c) defining the application of the rules on *lis pendens* and related actions in relation to the Unified Patent Court and the Benelux Court of Justice on the one hand and the national courts of Member States which are not Contracting Parties to the respective international agreements on the other hand, and defining also the operation of these rules during the transitional period referred to in Article 83(1) UPC Agreement;
- d) clarifying the operation of the rules on recognition and enforcement in relations between Member States which are Contracting Parties to the respective international agreements and those which are not.

4.4 The proposed amendments are **duly justified** in the explanatory memorandum preceding and introducing the proposal for a regulation.

4.4.1 Finally, these amendments are **timely** because Regulation 1215/2012 is applicable from 10 January 2015, whereas the UPC Agreement only enters into force from the first day of the fourth month after the date of entry into force of the amendments to Regulation (EU) No 1215/2012, which also enter into force on 10 January 2015 (Article 2 of the proposal).

4.5 Thus, **the EESC agrees with and supports the proposal** under review, which it feels is sufficient and necessary to ensure combined and coherent application of the UPC Agreement, the protocol extending the powers of the Benelux Court of Justice, and the Brussels I Regulation (recast).

4.6 **However, the EESC is disappointed not to have been consulted** on the 'patent package' (Regulations (EU) 1257/2012 and 1260/2012) or on the draft international agreement laying the foundations for establishing unitary patent protection in the EU.

4.6.1 Nonetheless, the EESC would like to take this opportunity to welcome the flexibility of arrangements for coexistence of the European patent and the patent with unitary effect, as a system allowing applicants to choose the option which suits them best, either a European patent for several designated Member States, or a European patent with unitary effect on all 25 Member States party to enhanced cooperation.

4.6.2 However, there are still some questions surrounding the simplification envisaged by the 'patent package' given that work on implementing the system is still ongoing.

Indeed, a declaration appended to the Agreement envisages establishing a committee of Member State representatives to work out 'arrangements for the proper functioning of the Unified Patent Court'. Among other things, this Committee has the task of preparing the rules governing the Court's proceedings, and of organising training for judges⁽²⁴⁾.

4.6.2.1 The coexistence of an arbitration-based dispute settlement mechanism⁽²⁵⁾ and of possible action in the Unified Patent Court also raises questions given that the powers of the UPC will change over the transition period of seven years.

4.6.2.2 Furthermore, there is considerable legal complexity surrounding the entry into force of the patent package as it is contingent on entry into force of the UPC Agreement in line with the provision mentioned in point 3.1.

4.6.2.3 The very structure of the UPC is confusing. The court of first instance will have a central division shared between three cities: Paris for industrial processes, transport, paper textiles, fixed constructions, physics and electricity, London for chemistry, metallurgy and 'human necessities' such as pharmaceuticals, and Munich for mechanical engineering, lighting, heating, weapons and blasting. Local divisions can then be created within a State as well as regional divisions concerning at least two countries. Finally, the appeal court will have its seat in Luxembourg.

4.6.2.4 The fact that the total amount of court fees payable cannot be known in advance may inhibit a defendant from taking action through UPC to defend his rights. This may undermine the defendant's rights to have access to justice.

4.6.2.5 Rule 14 (2) of the Proposed Rules of Procedure of UPC⁽²⁶⁾ is difficult to reconcile with Article 49 of the Agreement between contracting Member States for the establishment of the UPC particularly where the competence of the division before which the case is brought is based on Article 33(1)(a). It is particularly difficult to understand exactly which language is applicable. Article 49(3) of the agreement gives the parties the right to agree on the language of proceedings subject to the approval of the competent panel while Rule 14 (2) states that 'the Statement of claim shall be drawn up in the language in which the defendant conducts its business in its Contracting Member State'. In order to eliminate misinterpretations EESC recommends that Rule 14 (2) should be either deleted or substantially modified.

4.6.2.6 The success of the Unified Patent Court depends greatly on the quality of the selected judges. Though coming from different Member States and with greatly varying experiences due to the many differences in Member States' procedural systems, judges must follow the new Unified Patent Court Procedures. The quality and depth of training of appointed judges is therefore very important for the success of UPC not only on applicable new Rules of Procedure, but also in terms of language capabilities that are essential for the Court.

4.7 Given this complexity, the simplicity of the four new provisions to be added to the Brussels I Regulation is very welcome.

Brussels, 26 February 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

⁽²⁴⁾ <http://www.unified-patent-court.org/>.

⁽²⁵⁾ Article 35 of the UPC Agreement.

⁽²⁶⁾ Unified Patent Court (UPC).

Opinion of the European Economic and Social Committee 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 Opening up Education: Innovative teaching and learning for all through new Technologies and Open Educational Resources

COM(2013) 654 final

(2014/C 214/06)

Rapporteur: **Gonçalo LOBO XAVIER**

Co-rapporteur: **Pavel TRANTINA**

On 25 September 2013 the European Commission decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, 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 Opening up Education: Innovative teaching and learning for all through new Technologies and Open Educational Resources

COM(2013) 654 final.

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 6 February 2014.

At its 496th plenary session, held on 26 and 27 February 2014 (meeting of 26 February 2014), the European Economic and Social Committee adopted the following opinion by 226 votes to 2 with 3 abstentions.

1. Conclusions and recommendations

1.1 ICT tools are being gradually used in all spheres of everybody's life. The EESC believes that a digital approach within education systems can help to improve the quality and creativity of education provided to the community, particularly if used with common sense.

1.2 The EESC is convinced that the role of teachers is central to the success of the 'Opening up Education' initiative. Their involvement in the design and implementation of the initiative, combined with appropriate training, is key to 'opening up education' innovatively through new technologies and Open Educational Resources (OER) in a teaching and learning environment that reaches out to everyone.

1.3 The EESC stresses that the mobilisation of all stakeholders and support for creating 'learning partnerships' in society, involving schools, businesses, town councils, social partners, civil society organisations, youth NGOs, youth and other community workers, parents and school students in the design and implementation of 'curricula' is crucial to the initiative's success and practical outcomes, in a healthy framework for paradigm change in education.

1.4 The EESC draws attention to the need to make efficient use of available EU and, in particular, national funding programmes to support the optimal use, duly adapted to curricula, of new technologies and open educational resources. Existing good practices in certain Member States need to be studied, disseminated and encouraged with regard, for example, to the incentives to be offered to businesses wishing to equip schools with new information and communication technology (ICT).

1.5 The EESC considers it essential that the tools for recognising skills acquired through the use of ICT should be clear known to the entire community and that their application should be assessed regularly. The European Area for Skills and Qualifications, currently under development, should contribute to these efforts towards transparency and validation of skills. This is crucial in ensuring that the entire community is comfortable with the system.

1.6 The EESC strongly agrees that a well-planned comprehensive approach is needed in the application of measures to promote the use of new technologies in learning processes both with regard to Massive Open Online Courses (MOOCs) and Open Educational Resources (OER). Teachers will definitely continue to play a key role throughout the education process by means of adequate training and incentives. Technology-based education has brought new challenges for Europe. Technology without teachers loses its educational value, whereas digitally confident teachers will remain key stakeholders in making education attractive to learners.

1.7 The EESC would like to highlight the need for greater inclusion when using ICT tools in education, in particular of school students from disadvantaged backgrounds, who are unable to acquire the requisite devices, get proper access to the Internet and purchase content. There are numerous examples of best practice from all over Europe on overcoming these obstacles and equipping those concerned with the tools they need. These best practices must be exchanged and encouraged.

1.8 The EESC also believes that new Internet-based technologies allow the transfer of knowledge across borders, thus promoting convergence of education in the Member States. This is important for the mobility of future employees and employers on the united markets of the European Union, from which it will benefit.

1.9 The EESC believes that the European Commission should ensure the necessary support and coordination mechanisms for the fast and effective implementation of the proposals discussed in this document, measurement of progress and promotion of exchange of good practices at EU level. The EESC believes that proper implementation of the proposals will also help to achieve the general objectives of the Europe 2020 Strategy.

2. Background

2.1 The European Commission launched the 'Opening up Education' initiative as an action plan to tackle insufficient or inefficient ICT use in education, as well as other digital problems which are preventing schools and universities from delivering high-quality education and the digital skills which 90 % of jobs will require by 2020.

2.2 This joint initiative, led by Androulla Vassiliou, Commissioner for Education, Culture, Multilingualism and Youth, and Neelie Kroes, Commission vice-president responsible for the Digital Agenda, focuses on three main areas:

- creating opportunities for organisations, teachers and learners to innovate;
- increasing the use of OER to ensure that educational materials produced with public funding are available to all; and
- improving ICT infrastructure and connectivity in schools.

2.3 Initiatives linked to 'Opening up Education' will be funded with support from Erasmus+, the new EU programme for education, training, youth and sport, and Horizon 2020, the new research and innovation programme, as well as the EU Structural Funds. For example, Erasmus+ will offer funding to education providers to ensure business models are adapted to technological change, and support teacher development through open online courses. All educational materials supported by Erasmus+ will be freely available to the public under open licences.

2.4 The impact of the 'Opening up Education' initiative will be boosted by recommendations due to be published next summer by the High Level Group on the Modernisation of Higher Education. The group, launched by Commissioner Vassiliou and chaired by former Irish President, Mary McAleese, is currently assessing how higher education can make best use of new modes of teaching and learning.

2.5 This initiative also ties in with the Grand Coalition for Digital Jobs, a multi-stakeholder platform tackling the lack of ICT skills and up to 900 000 unfilled ICT-related vacancies.

3. General comments

3.1 'Education is a social process' (John Dewey), and it will remain that way with large-scale ICT use. Its role is not only to transfer knowledge, but also to form citizens.

3.2 The EESC welcomes the Commission's Communication on 'Opening up Education' as a way of promoting a modern education system that supports the capacity development of the student community, teachers and society as a whole, thereby facilitating the use of new digital skills and new ICT solutions and ensuring an effective knowledge transfer process.

3.3 Education is one of the pillars of modern societies and a human right. No country can survive or develop without a good education system. Nowadays the key to success lies in the application of ICT in knowledge transfer by combining modern and traditional methods. Education must follow the right approach, with a focus on the integrated development of each individual, while also meeting real market needs for skills. Furthermore, without neglecting the needs of profit-making markets, EU education systems should also serve the needs of non-profit markets, such as certain areas of research, science and the arts.

3.4 Schools have always been at the forefront of innovation. That is why, for the EESC the balance between so-called 'traditional' teaching methods and the use of new technologies and approaches is the key to successful education. In addition, the EESC believes that education systems must be adapted to global societal changes and new challenges.

3.5 Over the years, the EESC has addressed the issue of innovative approaches in education ⁽¹⁾. For instance, the recent EESC opinion on 'Rethinking Education' pointed out that the teaching of STEM subjects (science, technology, engineering and mathematics) should continue to warrant special emphasis in education systems since they are central to the development of the technological society we live in, where there will be a huge demand for human resources with high standards of scientific and technological knowledge. Nevertheless, it is vital to present these subjects to the student community in a more creative and attractive manner, starting at the kindergarten. This early approach has had good results and it can be seen as a good practice in several Member States.

3.6 Digital and online approaches to education are both important. However, the EESC argues that when using new materials, formats and skills to ensure knowledge transfer, it is vital to improve content, the learning efficiency and learning outcomes.

3.7 The EESC believes that the involvement of the teaching community and the social partners representing its interests is essential to the efficiency of the process of opening up education. In view of this, the EESC welcomes the idea of promoting networks of volunteer teachers to share good practices and launch new initiatives.

3.8 From a business perspective, the EESC realises that the new digital approach and environment offer enormous opportunities. However, the EESC feels that caution is needed, particularly when using 'open sources'. While the EESC believes that open courses and resources have a role to play in the process, the market needs some (voluntary) classification and standardisation, given the certification process and Intellectual Property Rights (IPR) ⁽²⁾. A critical analysis of the quality of educational resources is also important and advisable.

3.9 The EESC recognises the advantages of an 'industry' of 'open educational resources' as long as these are relevant to educational processes and are able to boost the learning of languages. Round-the-clock universal access to high-quality open-access educational content is no use if it cannot be explored by a community due to that content being in a language which most individual members of the community do not master.

3.10 For the EESC it is clear that, in spite of the EU-level policies advocated by the document, the actual implementation of solutions depends on how each Member State frames its policies. The EESC therefore calls for a real commitment from political leaders in the Member States to ensure the implementation of the suggested solutions at European level, regardless of differences of pace between Member States on these issues.

⁽¹⁾ OJ C 181, 21.6.2012, p. 143–149; OJ C 68, 6.3.2012, p. 11–14 and OJ C 68, 6.3.2012, p. 1–10.

⁽²⁾ OJ C 191, 29.06.2012 - Chapter 4.

3.11 Like every big change, this 'revolution', as already mentioned, requires political leadership from every Member State. In view of this, the EESC calls for the appropriate use of available EU and, in particular, national funding programmes to support the educational 'revolution' suggested. Although the Erasmus+ programme and some Horizon 2020 measures — despite the very welcome increase in budgetary allocations — do not provide solutions for everything, the right combination of national budgets with these programmes will give a real boost to education systems. Such an approach calls for the right strategies and political decisions by each Member State, bearing in mind that there is no one-size-fits-all solution.

3.12 Notwithstanding what has been said about the importance of digital technologies, education must also open up to other forms of learning (e.g. non-formal education outside schools). In this context, it should also be mentioned that the media (as an informal learning resource) still carries relatively little weight in the educational process despite the considerable potential of their complementarity with formal education and their contribution to understanding digital content.

3.13 The promotion of new technologies must be based on the principles of access and social inclusion of the entire learning community, paying particular attention to the different social backgrounds of students and the different types of contact with digital environments stemming from these backgrounds.

3.14 The EESC reiterates the need to involve not only the learning community but also society at large in defining the best practices and approaches that will make a decisive contribution to improving learning outcomes.

4. Specific comments

4.1 *Open learning environments*

4.1.1 More and better investment is required in the quality of education and training in order to improve skills and employability in EU countries. Priorities must be clear to the entire community, especially in certain Member States. It makes no sense to invest in infrastructure while simultaneously under-investing in teacher training. Investment must serve the dual purpose of i) strengthening the logistical capacity of schools and the support infrastructure and ii) improving the 'knowledge' component of the educative process. This option is crucial to ensuring that full advantage is taken of opportunities under the various EU and national funding programmes.

4.1.2 Best practices must be shared on a large scale. Even though there are differences (not only structural but also cultural) between Member States, ideas, processes and approaches can be adapted to the situation on the ground in a particular country. The EESC welcomes the Commission's idea of creating a network at European level to promote such best practices and make them accessible to all Member States.

4.1.3 Students may be digital natives, but they still need guidance in learning how to use new technology for educational purposes if the process of digital education is to succeed. Some technological habits will need to change as well. They will need to adapt to carrying out tasks using technology, which may well be initially challenging, but rewarding later on. In many ways, students will need to change just as much as their teachers and this joint effort must be present.

4.1.4 Technology must be treated as a means and not an end. If teachers and students are not trained, they will use new tools in old ways. School principals and other education authorities need to ensure that parents are informed about new learning methods if they want them to become properly established. The education sector will need leaders with vision.

4.1.5 Teachers are more important in the educative process than classroom size and hours, the presence or absence of technology, and the organisation of schools and classes. The fact that technology is 'invading' the classroom can be seen as an opportunity to improve the status of teachers, which means recognising and enhancing their critical role in the community. Integrating new educative processes and teaching technologies in classrooms is not a simple task and will require qualified teachers to spearhead the process of change.

4.1.6 Political decision-makers must therefore ensure that technology is not imposed on education in a way that undermines the professionalism and dedication of teachers. Technology must serve the educative process spearheaded by teachers, and not the other way around.

4.1.7 Investments in teacher training should — as a general rule — exceed the amounts spent on technology itself.

4.1.8 Technology tends to be most helpful to those students who least need help. Statistics show that undergraduates and graduates are more likely to complete a MOOC than others. MOOCs are not enough to solve the most pressing educational challenges, but it would be beneficial to introduce them in secondary education and vocational training.

4.1.9 Transparency and recognition of skills acquired through ICT (both inside and outside schools) is of great importance, as well as ensuring the quality of recognition processes. Learners, educators and employers must be involved in the design of recognition processes and be motivated by them.

4.2 *Open educational resources*

4.2.1 In order to boost the use of digital resources and content, there is a clear need to increase foreign (especially English) language take-up, not only in the student community but also among teachers.

4.2.2 In order to create digital classrooms, those who design them will need the requisite pedagogical and organisational skills. The classrooms will be able to enhance digital learning if they are designed as active learning spaces, centred around students, and equipped with the resources to meet the educational needs of all types of students.

4.2.3 The EESC agrees that the 'Open Education Europa' website is an important step in enabling the community to keep up with the process. It believes that its use should be duly promoted and its content constantly monitored and assessed. Special attention will have to be given to the linguistic diversity of the resources in order to facilitate their use.

4.3 *Connectivity and innovation*

4.3.1 The EESC realises that ICT infrastructure capacity varies from one Member State to another, an important fact to bear in mind when implementing the various proposals. However, broadband infrastructure development, especially in remote areas, should at least become/remain a priority.

4.3.2 It is important to ensure broader access to ICT for disadvantaged groups, enabling them to become integrated. Community services/centres offering access to the Internet and online learning, as well as school 'e-libraries', offer huge potential.

4.4 *Concerted efforts to seize the opportunities of the digital revolution*

4.4.1 The EESC feels it is vital to measure the effects of such policies. As mentioned earlier, there are different approaches and different levels of community involvement in the educative process. It must be possible to measure the 'digital revolution' using key performance indicators that not only cover practical questions (percentage of students in the education system, number of new users of open resources, number of computers and e-books in classrooms, etc.) but also the impact of the new digital methods on schools, students and teachers, including in terms of the improvement of their language skills.

4.4.2 The need for the entire community to be involved in the process cannot be overstated. Teachers and their central role have already been given the prominence they deserve, but the key role played by families and social environments must also be recognised. In implementing innovative and inclusive education policies, families will always be decisive in helping the student community to adapt to the new digital learning tools. It is essential that families play a positive part in this process of change. The EESC also recognises the unique contribution of youth and other community workers, who, as part of their professional work, enable and motivate people of all ages to avail of various education initiatives.

Brussels, 26 February 2014

The President
of the European Economic and Social Committee
Henri MALOSSE

Opinion of the European Economic and Social Committee on the 'Proposal for a Council recommendation on a Quality Framework for Traineeships'

COM(2013) 857 final

(2014/C 214/07)

Rapporteur: **Ms Indrė VAREIKYTĖ**

On 4 December 2013, the Commission decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on the

Proposal for a Council recommendation on a Quality Framework for Traineeships

COM(2013) 857 final.

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 6 February 2014.

At its 496th plenary session, held on 26 and 27 February 2014 (meeting of 27 February 2014), the European Economic and Social Committee adopted the following opinion by 196 votes to 7 with 6 abstentions.

1. Conclusions and recommendations

1.1 Over the past two decades, traineeships have become an important gateway through which young people enter the labour market. However, although traineeships have become standard in European labour markets, and many companies have started contributing actively to this process, their spread has been accompanied by growing concerns as to learning content and working conditions. To facilitate access to employment, traineeships should offer good quality learning content and adequate working conditions, and should not be a substitute for regular jobs or a precondition for a job placement.

1.2 Traineeships are an important means of tackling unemployment and the skills mismatch and securing the transition from education to the labour market, but they should not be perceived as the only means of doing so. To resolve these problems successfully requires complex and interrelated policies at both European and national levels. Appropriate measures, particularly at the national level, can increase provision of traineeship opportunities for young people.

1.3 Together with the specific recommendations made throughout the text, the key conditions for better and more accessible traineeship schemes are:

1.3.1 The recommendation should include traineeships linked to educational programmes and traineeships linked to ALMPs (active labour market policies, designed for unemployed young people, typically with no or with a low level of skills), as they are the most effective forms of traineeship in the EU.

1.3.2 There should be more support for including traineeships in study curricula, and, where possible, traineeships should take place during the course and not after graduation.

1.3.3 A concerted effort should be made at both European and national levels to increase the availability of traineeships, especially in SMEs.

1.3.4 In the case of 'open-market' traineeships, a basic social security package (health and accident insurance and, in the case of paid traineeships, sick leave) should be provided.

1.3.5 Trainees should be provided with the necessary financial support.

1.3.6 There is a need for accompanying guidelines, which would help Member States and host businesses/organisations understand possible ways of supporting training schemes via the EU and national funding sources already available and set up flexible traineeships systems with shared financial responsibility.

1.3.7 Greater provision of cross-border traineeship opportunities is needed to increase the intra-EU mobility of young people. While the extension of EURES services to traineeships is to be welcomed, further steps should be foreseen to encourage open and transparent offering processes for taking on trainees.

1.3.8 There is a need for more robust data on, and evaluation of all types of, traineeship at both national and European levels. This includes both quantitative and qualitative data, which can be used for assessing the quantity, quality, impact and effectiveness of traineeships.

1.3.9 It is crucial to ensure that persons with disabilities are able to participate in traineeships, by taking appropriate measures to increase awareness and accessibility.

1.3.10 It is important to involve all relevant players (social partners, civil society organisations and, especially, youth organisations) in formulating guidelines and monitoring and evaluating implementation of the framework.

2. General remarks

2.1 In December 2012 the European Commission launched the Youth Employment Package introducing three key proposals: the Youth Guarantee, the Quality Framework for Traineeships and the Alliance for Apprenticeships; and extending EURES. The EESC is actively following the implementation process for all these instruments.

2.2 The Committee welcomes the Council Recommendation on a Quality Framework for Traineeships both as a measure to ensure the quality of learning content and adequate working conditions during traineeships, and as a tool to avoid them being used as a substitute for regular jobs or a precondition for a job.

2.3 The EESC recognises that high quality traineeships are essential for the successful implementation of the Youth Guarantee⁽¹⁾ (which aims to *ensure* 'that all young people up to the age of 25 years receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within four months of becoming unemployed or leaving formal education') and for reaching the Europe 2020 headline target of having 75 % of 20-64 year-olds employed by 2020. It is important to note that proper use of traineeship schemes can contribute to addressing the skills mismatch, while also serving as a bridge for the transition from education to the labour market.

2.4 Despite welcome progress in many Member States, the Committee supports the conclusion that the main obstacles currently affecting traineeships in the EU are insufficient learning content and inadequate working conditions. This is supported by a recent Eurobarometer survey⁽²⁾, which shows that more than 28 % of trainees think that their experience had not been or would not be useful in helping them find a regular job.

2.5 The EESC believes that traineeships are just one of the tools that can be used to tackle unemployment and the skills mismatch. In order to solve these problems, complex and interrelated policies should be implemented at both European and national levels.

2.6 Furthermore, the Committee notes that the recommendation covers only 'open-market' and transnational traineeships and pays no particular attention to other more common and effective forms of traineeship across the European Union⁽³⁾ — traineeships linked to educational programmes and traineeships linked with ALMPs for unemployed young people, typically with no or a low level of skills.

2.7 The framework should be flexible enough to reflect the Member States' different starting points and their national legislation and practices, while upholding the principle of subsidiarity.

2.8 Broader inclusion of traineeships linked to educational programmes within the Quality Framework for Traineeships would allow a more systematic approach in the field of 'open-market' traineeships, especially given the quality assurance methods that already exist in the educational sector, which could provide the model for an effective quality control mechanism for all traineeship schemes. The establishment of a single quality assurance instrument for all types of traineeship would increase understanding and transparency regarding quality prerequisites, while also helping to gear traineeships towards learning outcomes. However, it is important to ensure that such instrument would not conflict with the related legislation in the Member States.

⁽¹⁾ Council Recommendation on Establishing a Youth guarantee, OJ C 120, 26.4.2013, p. 1.

⁽²⁾ The experience of traineeships in the EU, Eurobarometer, 2013.

⁽³⁾ Study on a comprehensive overview on traineeship arrangements in Member States, European Union, 2012.

2.9 Nonetheless, the EESC emphasises that the adoption of a legislative and regulatory framework cannot guarantee the quality of traineeships by default. It is the implementation of regulations and the robust monitoring of the entire process that will play the key role in securing high-quality traineeships. Member States must be able to decide how best to approach traineeships with a view to ensuring quality and preventing abuse.

2.10 Greater provision of cross-border traineeship opportunities is needed to increase the intra-EU mobility of young people. The extension of EURES services to traineeships is very welcome, especially taking into account the added benefits of promoting transnational traineeships (currently, just 9 % of traineeships are taken abroad²). However, further steps should be taken to foster open and transparent offering processes for taking on trainees by information-related and institutional means. Guidelines for possible host organisations could define the principles of open and transparent recruitment processes and quality criteria for traineeships. Furthermore, target audiences should be better informed about existing traineeship programmes and opportunities, especially via the social media and internet.

3. The role of investment in training

3.1 The EESC is confident that trainees in the workplace can contribute to the output of businesses and the economy as a whole, while gaining the experience they need, providing the learning environment in the workplace is structured well enough to facilitate this.

3.2 Although a traineeship is a learning opportunity, it is important to acknowledge the benefits for all parties concerned — the trainee, the employer, the economy as a whole and thus society. Securing high quality, accessible traineeship systems should therefore be a shared responsibility.

3.3 The Committee believes that the recommendation should be more active in promoting investment in traineeships. Important attention should be paid to SMEs, as they often do not have the capital available to invest in trainees unless specific support is provided to assist them.

3.4 The reasons why smaller companies may not invest sufficiently in traineeships lie in SME specific characteristics: short-termism, an inability to accrue the benefits from trainees in the short term, and the differing costs and benefits of training. A traineeship is an investment where the returns do not accrue immediately to the business. Another problem for small companies considering the possibility of offering traineeships is that the trainee may not remain with the firm for a sufficient period for the outlay on training costs to be recouped.

3.5 The EESC believes that the presence of a highly skilled and trained labour force provides competitive benefits over and above those accruing to the individual worker or enterprise. It is therefore justifiable for the State to intervene in the market by supplementing private provision. As SMEs are large net job creators and drivers of economic growth, investing in traineeships in small firms can be justified on the basis of correcting a market failure stemming from externalities and public goods (such as the skills mismatch from education): this way small firms could contribute more to overall economic growth and the well-being of society as a whole⁴).

3.6 The Committee therefore recommends drafting accompanying guidelines for both Member States and host enterprises/organisations on possible ways to support training schemes via European and national funding sources already available. Such guidelines should also include examples of good practice on how training systems can be implemented in companies and organisations.

3.7 The EESC believes that it is important to ensure that employers know what they can expect to obtain in net benefits from providing training places. By demonstrating the real economic returns, studies on the full spectrum of costs and benefits can encourage employers to take on trainees. At the same time it is necessary to raise awareness about the fact that companies need to set up traineeships of quality.

4. Compensation and social security

4.1 Given that only 62 %⁵ of young people with traineeship experience had their traineeship based on a written traineeship agreement or contract with the host organisation or company, the Committee supports the call for mandatory written traineeship agreements. Common legal standards for traineeship agreements should be defined. It should be noted that legal written agreements or contracts benefit both the supplier of the traineeship and the trainee, as they enhance the responsibilities and rights of both parties.

⁴) Management Training in SMEs, OECD, 2002.

⁵) The experience of traineeships in the EU, Eurobarometer, 2013.

4.2 The Committee recommends, however, that in the case of 'open-market' traineeships, the basic social security package (health and accident insurance and, in the case of paid traineeships, sick leave) should be provided by the host and included in the traineeship agreement by default. If the traineeship is regarded as an employment relationship, in line with national law and practice, all labour law, social law and collective agreement provisions (including salary requirements) of the Member State must apply. In the event of a dispute, the Committee recommends considering trainees as the weaker party and providing them with the support they need.

4.3 Across the Member States the most common methods of financing the various types of traineeship include European and national/regional funds, institutional assistance, (e.g. university grants), self-financing and company resources. Where public funding is available, this often involves considerable support from European funds, notably the European Social Fund (ESF). In open market traineeships, however, self-financing is particularly common as, in many cases, trainees receive no or insufficient compensation. The fact is that 59 %⁵ of all trainees receive no financial compensation and have to rely on other funding sources such as their own savings and family support.

4.4 The Committee emphasises that, whilst preparing their future careers by increasing their employability, trainees must not be at risk of poverty. Traineeships should be equally accessible to all, thus providing no financial compensation limits the traineeship scheme's accessibility (across the EU, only 46 % of respondents had completed a traineeship⁵) This amounts to discrimination against certain categories of young people on the basis of their financial background.

4.5 With regard to the shared responsibility approach, the Committee encourages Member States to search for a flexible solution to the question of compensation for trainees. Such an approach should ensure that traineeships are of a high quality and offer decent conditions, yet without discouraging companies from providing them. Compensation for the traineeship should not be considered merely as earnings, but also as a measure securing equal opportunities for all young people to take part in traineeship schemes.

4.6 The EESC recommends reviewing and discussing all the options with the social partners: tax relief schemes for host enterprises, the use of European and national funds, discounts for social security packages, etc. in order not to place the burden of compensation on the host companies and organisations alone.

4.7 The EESC would encourage the European Commission to launch best practice guidelines for the Member States and companies as soon as possible.

4.8 Good practices for traineeships, established in the Recommendation on Quality Framework for Traineeships, should apply not only to the 'open market' traineeships, but also to the traineeships at the public sector and EU institutions.

5. Other aspects

5.1 The EESC endorses the recommendation of a six-month maximum duration for traineeships and the restriction on repeating traineeships in order to ensure that trainees do not become substitutes for employees and that traineeships are not used wrongly as alternatives to permanent employment. However, it might be appropriate for cross-border traineeships to be longer than those taking place in the trainee's country of origin.

5.2 The EESC believes it crucial to ensure that persons with disabilities are able to participate in traineeship schemes on equal terms and recommends taking appropriate measures to increase accessibility and awareness on this issue.

5.3 The EESC calls upon the social partners to continue working on the recognition of skills and competencies acquired through traineeships and elsewhere (for example, through voluntary activities). In this context, the recently-discussed European Area of Skills and Qualifications could secure additional transparency.

5.4 The Committee would encourage the issue of traineeship certificates, yet recommends ensuring that such certificates be of a common standard; and proposes considering the possibilities of linking them with the Youth Pass and the European Qualifications Framework in order for them to be widely recognisable and beneficial to young people and their future employers.

5.5 The Committee calls for the dialogue at both EU and national levels to be bolstered by involving all relevant players (social partners, civil society organisations and, especially, youth organisations) in formulating guidelines, and monitoring and evaluating implementation of the framework.

Brussels, 27 February 2014

The President
of the European Economic and Social Committee
Henri MALOSSE

Opinion of the European Economic and Social Committee on the 'Proposal for a Directive of the European Parliament and of the Council amending Directive 94/62/EC on packaging and packaging waste to reduce the consumption of lightweight plastic carrier bags'

COM(2013) 761 final — 2013/0371 (COD)

(2014/C 214/08)

Rapporteur: **Mr Seamus BOLAND**

On 15 November 2013 the Council and, on 18 November 2013 the European Parliament decided to consult the European Economic and Social Committee, under Articles 114(3) and 304 of the Treaty on the Functioning of the European Union, on the

Proposal for a Directive of the European Parliament and of the Council amending Directive 94/62/EC on Packaging and packaging waste to reduce the consumption of lightweight plastic carrier bags

COM(2013) 761 final — 2013/0371 (COD).

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 12 February 2014.

At its 496th plenary session, held on 26 and 27 February 2014 (meeting of 26 February), the European Economic and Social Committee adopted the following opinion by 227 votes in favour with 5 abstentions.

1. Conclusions and recommendations

1.1 The EESC welcomes the proposal by the European Commission to amend Directive 94/62/EC on packaging and packing waste to reduce the consumption of lightweight plastic carrier bags. However, it draws attention to the widespread criticism that the proposed directive may not achieve its goal of reducing plastic bag use in the immediate future.

1.2 The EESC accepts that the continued use of lightweight plastic carrier bags causes huge environmental damage to marine life and that such damage has serious consequences for a range of marine species as well as for human health.

1.3 The EESC is aware of the many legislative complexities surrounding the control of plastic bags; however it strongly recommends that the proposed directive ensure that each Member State commits fully to the eradication of such waste on a permanent basis.

1.4 The EESC is concerned that the proposal may fail to achieve basic reduction goals due to the lack of a clear EU prevention target which would provide a benchmark for the effectiveness of Member States' measures and could be legally enforced with sanctions.

1.5 In this regard the EESC recommends the following:

- the EU should set a quantitative target for reducing the use of lightweight plastic bags. The target should be set based on the experience in the wider group of Member States where the consumption of lightweight plastic bags is low;
- failure to reach such a target shall result in named sanctions.

1.6 While it is understood that different measures to control plastic carrier bags have varying results in different Member States, it is recommended by the EESC that each Member State completes its own analysis on how best to comply with the directive and then proceeds with the option that is most suited to its needs and is realistic in terms of its obligations to comply with an overall EU target.

1.7 The EESC recommends that Member States carefully consider the impact on consumers, the retail sector and the environment when establishing their own implementation policy.

1.8 The EESC welcomes the finding in the 2011 impact assessment report by DG Environment that the employment consequences of reducing plastic bag usage are at least neutral and may contribute to an increase in the number of jobs associated with alternative re-usable bags which would create fewer environmental problems.

1.9 In line with the previous opinion NAT/600 European Plastic Waste Strategy (Green Paper) the EESC recommends that the role played by civil society in terms of improved behavioural change be clearly recognised.

2. General information about the legislative initiatives

2.1 Under EU legislation, plastic carrier bags are considered as packaging under the Packaging and Packaging Waste Directive (Directive 94/62/EC). However, there is no EU legislation or policy specifically targeting plastic carrier bags. Some Member States have developed very successful policies to reduce their use. However, many have not.

2.2 The proposal aims to reduce the consumption of plastic carrier bags with a thickness of below 50 microns (0,05 millimetres) in the European Union. For description purposes, the directive is aimed at lightweight thin-walled plastic bags that are distributed at a check-out and used to carry goods from supermarkets and other shops.

2.3 The legislative difficulties encountered in the design and implementation of an EU-wide reduction target applying to all Member States has seriously contributed to a worsening of the problem. Instead of establishing a common EU target that would significantly reduce the numbers of plastic bags in circulation, it is deemed preferable to introduce in Directive 94/62/EC the obligation for all Member States to reduce the consumption of lightweight plastic carrier bags, while allowing them to set their own national reduction targets and to choose which measures they will adopt to reach those targets. These measures should not lead to a general increase in the production of other packaging.

2.4 There has been little success by the European Union in terms of synchronising policy that could bring a unified response in resolving the problems caused by the littering of plastic bags. For example Italy wishes to ban them. Austria has challenged such a proposal on legal grounds. Other countries such as Denmark, Ireland and Bulgaria have implemented a tax on plastic bags. The UK will introduce a limited tax in 2015 which will affect retail outlets that employ more than 250 people. Retailers in France, Germany, Portugal, Hungary and the Netherlands have begun charging for plastic bags.

3. Background and gist of the Commission proposal

3.1 The European Parliament and the Council wish to consult the European Economic and Social Committee, under Articles 114(3) and 304 of the Treaty on the Functioning of the European Union, on amending Directive 94/62/EC on packaging and packing waste to reduce the consumption of lightweight plastic carrier bags.

3.2 The Commission has carried out an impact assessment in order to prepare its legislative proposal⁽¹⁾. According to the impact assessment, it is estimated that in 2010 every EU citizen used 198 plastic carrier bags, some 90 % of which were estimated to be lightweight bags; these are less frequently re-used and are more prone to littering.

3.3 The same report states that in 2010, over 8 billion plastic carrier bags were littered in the EU. Such litter acutely affects the marine environment resulting in large volumes accumulating in our seas. Even in countries with no coastline, plastic bags are brought to the oceans through rivers and streams. Since the life of a plastic carrier bag can last for hundreds of years, this represents a huge global challenge in terms of causing pollution as well as affecting our ocean ecosystems.

3.4 The Commission's analysis is that the use of such bags varies widely, from an average of four per capita per year in Finland and Denmark to 466 in Poland, Portugal and Slovakia.

4. General and specific comments

4.1 In its opinion NAT/600 European Plastic Waste Strategy (Green Paper) by Mr Zboril, the EESC highlighted the serious problems posed by plastic waste in general and recommended a number of key actions aimed at dealing with all plastic based pollution⁽²⁾.

⁽¹⁾ Impact Assessment for a Proposal for a Directive of the European Parliament and of the Council amending Directive 94/62/EC on packaging and packaging waste to reduce the consumption of lightweight plastic carrier bags {COM(2013) 761 final — 2013/0371 (COD)}.

⁽²⁾ Opinion on *European Plastic Waste Strategy* (Green Paper). OJ C 341 of 21.11.2013, p. 59-66.

4.2 Serious reduction of plastic carrier bags will contribute to the lessening of pressure on biodiversity, especially on the marine environment, in line with the EU Biodiversity Strategy, which aims to halt the loss of biodiversity and ecosystem services in the EU by 2020.

4.3 At least 267 different species are known to have suffered from entanglement or ingestion of marine litter, caused by plastic carrier bags. In the North Sea, the stomachs of 94 per cent of all birds contain plastic. Bags have been also found in the stomachs of several endangered marine species.

4.4 Underlying failures that contribute to an increase in the problem include:

- market failure and low public awareness;
- implementation and enforcement failures of the existing legislative framework governing packaging and packaging waste;
- failure to establish real targets that would reduce significantly the usage of light plastic bags;
- the lack of political will in many Member States to resolve the problem using meaningful targets.

4.5 On the other hand, the huge differences between different Member States in the number of lightweight plastic bags used per capita demonstrate the feasibility of a radical reduction of the use of such plastic bags in a relatively short time, provided there is a political will to take action. For instance, in Ireland's case, plastic bag reduction was achieved to a level of 80 % when they introduced a tax at the point of sale.

4.6 If no efficient action is taken, the number of plastic carrier bags placed on the market is projected to rise at EU-27 level from 99bn in 2010 to 111bn in 2020 ⁽³⁾. Failure to take immediate and forceful action that limits the usage of plastic bags and the related littering problem will affect the environment and citizens within and outside the EU and plastics recyclers, public authorities, the fishing industry, tourism industry and local businesses.

4.7 Many environmental groups are clear that the Commission proposal is weak since it states in Article 1(2) that 'Member States shall take measures to achieve a reduction in the consumption of lightweight plastic carrier bags on their territory within two years of entry into force of this Directive' without setting a clear prevention target.

4.8 It is also understood that Directives that are deemed the responsibility of the Member State only and without any clear agreed sanction for non-implementation are considerably less successful.

4.9 Setting a quantitative prevention target for the use of lightweight plastic carrier bags would establish a clear objective and benchmark for Member States which could be monitored and legally enforced, if necessary. It would, on the other hand leave flexibility to Member States on the means to be applied to attain this target. Such instruments might comprise economic incentives, such as taxes or levies, consumer awareness campaigns or regulatory measures or a mixture of these instruments, depending on the specific circumstances in each Member State. In the impact assessment a prevention target of 35 bags per person and year has been considered. Such a target would be based on the average consumption of lightweight plastic bags in the 25 % best performing Member States in 2010 and could therefore be regarded as a reasonable and feasible benchmark for other Member States. Turning this into an EU-wide prevention target would result in an 80 % reduction of single use plastic bag consumption in the EU, which should be the minimum objective.

4.10 It follows from the Commission's impact assessment that measures for reducing the use of single-use plastic bags would not have unacceptable effects on the economy or employment.

Its conclusions are:

- there will be a decrease in the number of people employed in the manufacture of **single-use plastic bags**;
- however, there is likely to be an increase in the number of people employed in the manufacture of **multiple-use plastic carrier bags, paper bags, and bin liners**;
- the 2011 PRODCOM report referred to in the impact report states that in 2006 a third of lightweight plastic bags were imported, mainly from Asia. It also states that since then there has been a sizeable shift of manufacturing to Asia. It gives the example that in the UK almost 98 % of such bags are imported from the Far East;

⁽³⁾ Based on PRODCOM, which is a Eurostat database providing statistics on the production of manufactured goods. (Commission impact assessment, chapter 2.4).

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- the report points out that manufacturing within EU countries tends to be based on the production of 'slightly thicker bags';
 - the impact assessment report states that there will be no additional effects on employment (p. 86). It also points out that most plastic bag manufacturers produce multiple sizes and that actions to reduce lightweight bags might increase the demand for reusable bags and thereby create employment.

Brussels, 26 February 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

Opinion of the European Economic and Social Committee on the ‘Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 525/2013 as regards the technical implementation of the Kyoto Protocol to the United Nations Framework Convention on Climate Change’

COM(2013) 769 final — 2013/0377 (COD)

(2014/C 214/09)

Rapporteur: **Mr Adams**

On 18 November 2013 the European Parliament and on 10 December 2013 the Council decided to consult the European Economic and Social Committee, under Articles 192(1) and 304 of the Treaty on the Functioning of the European Union, on the

Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 525/2013 as regards the technical implementation of the Kyoto Protocol to the United Nations Framework Convention on Climate Change

COM(2013) 769 final — 2013/0377 (COD).

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 12 February 2014.

At its 496th plenary session, held on 26 and 27 February 2014 (meeting of 26 February), the European Economic and Social Committee adopted the following opinion by 226 votes to 5 with 12 abstentions.

1. Conclusions and recommendations

1.1 The proposal facilitates and enables the technical implementation of existing agreements relating to the Kyoto protocol. The Committee supports the proposal as presented.

2. General Introduction

2.1 The Kyoto protocol, the 1997 agreement between nations to mandate country-by-country reductions in greenhouse-gas emissions, came into force in 2005. Industrialised nations pledged to cut their yearly emissions of carbon, measured by six greenhouse gases (GHG), by varying amounts, averaging 5,2 %, by 2012 as compared to 1990. Even though global GHG emissions have risen by 40 % since 1990 the Kyoto protocol is nevertheless regarded as a small but essential first step in international action.

2.2 Under Kyoto the ‘EU-15’ were committed to reducing their collective emissions to 8 % below 1990 levels by the years 2008-2012 and this is likely to have been over-achieved. Member States that have joined the EU since 2004 also have Kyoto reduction targets of 5 %, 6 % or 8 % which they are on course to achieve or exceed. For 2020, the EU has made a unilateral commitment to reduce overall greenhouse gas emissions from its 28 Member States by 20 % compared to 1990 levels.

2.3 While EU GDP grew by 45 % between 1990 and 2011, total greenhouse gas emissions from today's 28 Member States — including emissions from international aviation, which are covered by the EU's unilateral commitment — were 16,9 % below the 1990 level in 2011 and an estimated 18 % below 1990 in 2012. Member States' latest projections show that total emissions in 2020, including international aviation, will be 21 % below the 1990 level.

2.4 The ‘Doha Amendment’ to the Kyoto Protocol to the United Nations Framework Convention on Climate Change establishes a second commitment period of the Kyoto Protocol, starting on 1 January 2013 and ending on 31 December 2020.

2.5 The Kyoto Protocol's second commitment period will continue and enhance the existing comprehensive system of emissions accounting to ensure transparency of the performance of Parties and compliance with their obligations.

2.6 The implementation of the Kyoto Protocol after 2012 requires a set of technical implementation rules to be drawn up for the European Union, its Member States and Iceland. The recent Monitoring Mechanism Regulation does not contain the legal basis that would enable the Commission to adopt delegated acts relating to the implementation of rules on the second engagement period. Accordingly, it is necessary to amend Regulation (EU) No 525/2013 to supply the legal basis required.

3. Summary of the proposal for amending the Regulation

3.1 The proposed Regulation provides the basis for implementing a number of technical issues through the adoption of legal acts. Specifically these issues are:

- Unit management processes such as transactions of Kyoto units (issuance, transfer, acquisition, cancellation, retirement, carry-over, replacement or expiry date change) in and between the national registries of the European Union, Member States and Iceland
- Accounting processes related to the transition from the first to the second commitment period, including the carry-over of surplus accounting units from the first to the second commitment period
- The establishment and maintenance of a previous period surplus reserve and a commitment period reserve for each member of the joint fulfilment agreement
- The levy or 'share of proceeds' applied to the issuance of ERUs (emission reduction units) and the first international transfer of AAUs (assigned amount units) in the second commitment period.

4. General comments

4.1 In summary the proposal would permit the EU to implement the 2nd commitment period of the Kyoto protocol, allowing issue, transfers and carry-over of Kyoto accounting units. It would also allow the Commission to decide on 'delegated acts'. The proposal facilitates and enables the technical implementation of existing agreements. The Committee supports the proposal as presented.

Brussels, 26 February 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

Opinion of the European Economic and Social Committee on the ‘Communication from the Commission — Annual Growth Survey 2014’

COM(2013) 800 final

(2014/C 214/10)

Rapporteur-general: **Ms PICHENOT**

On 13 November 2013 the Commission decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on the

Communication from the Commission — Annual Growth Survey 2014

COM(2013) 800 final.

On 18 November 2013 the Committee Bureau instructed the Europe 2020 Steering Committee to prepare the Committee’s work on the subject.

Given the urgent nature of the work, the European Economic and Social Committee appointed Evelyne Pichenot as rapporteur-general at its 496th plenary session, held on 26 and 27 February 2014 (meeting of 26 February) and adopted the following opinion by 187 votes to 2 with 11 abstentions.

1. Conclusions and recommendations

1.1 Consolidating the European Semester and involving civil society more closely

1.1.1 To enhance **national ownership and democratic legitimacy**, which are crucial to the European Semester process, the EESC recommends involving civil society stakeholders more closely, while acknowledging the diversity of national practices: It therefore recommends the following:

- a **practical guide** on the European Semester instruments should be created for national, regional and local elected representatives as well as economic and social stakeholders,
- European institutions, especially the Commission, should develop more contacts with **national parliaments** and hold hearings with them, given the democratic legitimacy of their remit for budgets and economic reforms,
- the debate with civil society on the schedule for structural reforms and the mutual impact of Member State policies should be continued,
- Member States should be more strongly encouraged to involve the **social partners** and consultative bodies in framing reforms based on country-specific recommendations as well as in drawing up and monitoring National Reform Programmes (NRPs),
- the social partners and civil society must be involved in **evaluating government policies** preceding any rationalisation or modernisation measures,
- the **annual integrated report of national ESCs and similar institutions**⁽¹⁾ should continue being sent to the European Council. In this connection, national consultative bodies should be encouraged more strongly to participate in drawing up this integrated report,
- the Council and Commission should **officially respond** to written input from national civil society, thus showing that consultation is taken seriously and is reflected in the debate on country-specific recommendations,
- a method to meet **quality standards in terms of involving civil society organisations** and social dialogue in the Member States should be worked out, based on a study to be published in 2014 at the initiative of the EESC’s Europe 2020 steering committee.

⁽¹⁾ See CESlink: <http://www.eesc.europa.eu/ceslink/?i=ceslink.en.home>.

1.1.2 In its 2014 annual growth survey (AGS), together with the appended reports ⁽²⁾, the Commission sets out its vision of the European Union's economic and social policies, with an emphasis on coordination between European policies and national measures. This analysis, which includes the same priorities as in previous years, is the first stage of the European Semester.

The previously established macroeconomic and budgetary monitoring system is continuing to evolve in 2014, based on documents inspired by the principle of coordinated discipline, monitoring and penalties. It is based on an **alert mechanism** to prevent macroeconomic imbalances, **National Reform Programmes** (NRPs) and **country-specific recommendations** (CSRs) drawn up in consultation with each Member State. In addition, the European Semester remains closely linked to the Europe 2020 strategy and its quantified targets.

1.1.3 The financial then economic crisis which continues to affect Europe has exposed the cracks in the governance system of economic and monetary union. Unless these shortcomings are urgently addressed, the very existence of the euro could be at stake. The EESC acknowledges that **significant progress has been made on economic governance**, but reaffirms the urgent need to ensure democratic legitimacy and ownership of these processes at national level. This Committee opinion **ties in with previous opinions on the AGS**, which are summarised in the recommendations set out in point 2.1 of this opinion. The current opinion complements and updates previous opinions, and looks at the prospects for 2015, based on the conclusions of numerous recent opinions.

1.1.4 The 2014 Annual Growth Survey is the first stage in this procedure, which the **Europe 2020 Steering Committee** will be monitoring throughout the year. At the same time, national economic and social councils and similar institutions will be monitoring the implementation of reforms and policies at national level. The Committee is pleased that an explicit link has been made between the **spring Tripartite Social Summit** and the European Semester process. To complement this, it would like the positions of the European social partners to be published in an appendix to the European Semester documents. It would also like the AGS to be accompanied by a report on the state of play with regard to the Europe 2020 strategy. Such an analysis is needed to prepare for the mid-term review of the strategy.

1.1.5 The Committee believes that the crisis has not yet been overcome. It therefore calls on the European institutions and the Member States to reconcile appropriate fiscal consolidation with **determined and persistent measures to promote growth, employment and competitiveness** throughout a European Union of 28 Member States. The EESC urges the next Commission to implement an ambitious **investment programme** improving access to financing for small and medium-sized enterprises. The European Structural and Investment Funds should support the Europe 2020 objectives. They could also be used to back up the reforms set out in the country-specific recommendations. At the same time, the Committee urges the Commission to present a roadmap for specific implementation of the 'social investment' package.

1.2 *More coherent governance for genuine economic and monetary union*

1.2.1 Following on from the report entitled 'Towards a genuine economic and monetary union' ⁽³⁾, the EESC is pleased to note that there has been **gradual progress from 'coordination'** to more coherent economic governance among the Member States, through the European Semester process. In particular, it notes that the AGS has been adapted to new governance rules in the euro area in particular, with the submission of **draft budgets in mid-October** so that the Commission can evaluate whether Member States have taken the requisite steps to achieve the objectives set at European level. After this, budgets are finalised at national level. This procedure should fully respect the democratic legitimacy of national parliaments, which have the sole power to amend and adopt budgets.

1.2.2 The EESC recognises that the agreement reached at the December 2013 Council meeting on future common rules on the monitoring and resolution of failing banks is to some extent a step forward. It notes that progress is still needed on the foundations of the Banking Union. Many challenges still have to be addressed in the near future, particularly with regard to consolidating the financial sector and the deadline for setting up a Single Resolution Mechanism. The Committee is deeply concerned about the risks arising from an **incomplete Banking Union** and the use of an intergovernmental process ⁽⁴⁾.

1.2.3 The EESC is disappointed with the cutbacks in the 2014-2020 **multiannual financial framework** (MFF). However, it is pleased that there is capacity to invest over EUR 400 billion. This sum is available for rapid deployment to promote growth and employment at national and regional level through the European Structural and Investment Funds (ESIF), thus helping to achieve the Europe 2020 strategy's objectives. The Committee appreciates that for the first time **political decisions are backed by financial commitment**. These two factors combined are important in supporting growth.

⁽²⁾ Annual Growth Survey, COM(2013) 800 final, with annexes.

⁽³⁾ Van Rompuy: 'Towards a genuine economic and monetary union', Brussels 12 October 2012, European Council.

⁽⁴⁾ European Council conclusions, December 2013.

1.2.4 In this AGS the Commission is endeavouring to create a European framework to promote growth in Europe, through a combination of **economic governance**, the **multiannual financial framework**, and policies to complete various aspects of the **Internal Market and trade policy**. The Committee supports the Commission's call to Member States to take this **European framework** into account when formulating their national policies. It notes that growth and competitiveness are now top priorities in the AGS. The Committee would like to advocate a broad interpretation of competitiveness in terms of high quality and effectively targeted products and services, and not solely in terms of prices.

1.2.5 In order to preserve the European model of social cohesion — something which is also advocated in 'Towards a genuine economic and monetary union' — in line with the Treaty's horizontal social clause, the EESC calls for a radical change of course by the European Council in order to add a social dimension to EMU. This should be done by proactively including the **scoreboard of social indicators** ⁽⁵⁾ in the European Semester on an equal footing with macroeconomic and budgetary indicators. The purpose of this social dimension should be to prevent the risks of social imbalance and to flank stabilisation mechanisms, not least on the basis of the Youth Guarantee and the Structural Funds, which among other things can be used for (re)training.

The EESC would also like the EU's **gender dimension** to be reflected in all these instruments.

1.2.6 The severe crisis which Europe is undergoing and policies implemented to combat debt problems could jeopardise many of the Europe 2020 strategy's objectives. The EESC would like the **initiative on SMEs** to be immediately launched from early 2014. It takes a favourable view of the new mandate which the EIB has entrusted to the EIF (EUR 4 billion, for SMEs and microcredit), which has been beefed up through additional capital.

1.2.7 The EESC stresses that the EU has **many assets** that could help it to emerge from this crisis, whether in terms of infrastructure, high-quality services or the Single Market. These assets should be harnessed in order to speed up the environmental transition and to promote innovation, SME access to credit, and business competitiveness in general, with a view to achieving sustainable, green and inclusive growth.

1.3 *A dynamic long-term prospect of revising the Europe 2020 strategy*

1.3.1 This opinion has been drawn up with the March 2014 European Council conclusions in mind; it is also intended to feed into the **mid-term review of the EU 2020 strategy**. This is an important issue for the new European Commission, which will begin under the Italian presidency. The EU must show ordinary Europeans that it has the political will and detailed vision to bring about deeper integration in order to achieve a 'better Europe', i.e. 'more Europe' in certain policy areas. In order to begin preparing the mid-term review of the Europe 2020 strategy, the review should be **synchronised with the European Semester instruments** so as to strike a new balance between responsibility and solidarity. The Committee recommends including a scoreboard of environmental indicators in the European Semester.

1.3.2 The Committee is pleased that the 2014 AGS encourages Member States to meet **the challenges of the 21st century** and to promote investments serving longer-term objectives, for example in relation to climate change, despite difficult budgetary conditions. In its objectives, methods and instruments, the European Semester should continue to address the greening of existing industrial processes in individual sectors as well as the economy as a whole, in order to ensure economic recovery based on a more sustainable model of development. In its priorities for growth and competitiveness set out in the AGS, the Commission mentions promoting resource efficiency, with improved waste management, more efficient water use, and increased recycling and energy efficiency.

This revision of the strategy should embrace **emerging themes and practices** such as the circular economy, the participatory and collaborative economy, eco-design, environmental efficiency, eco-mobility, renovation of buildings and sustainable urbanisation as levers of sustainable development.

1.3.3 A new European strategy will have to build on joint evaluations by the European institutions and the Member States, at the same time as tying in with the **United Nations post-2015** sustainable development objectives (future SDOs). The European Union has contributed significantly to defining the **universal scope** of these future sustainable development objectives. This review will need to ensure **coherence** between all policies, in line with what has been done for development policy at European level. These **shared future global objectives** will have to be translated into a **sustainable development process specifically for the European continent**. To this end, the Committee recommends that the mid-term review is aligned with the sustainable development objectives for 2030, in close cooperation with the Member States.

(5) There are five indicators: the unemployment rate, young people who are neither in employment or training, poverty risk of the working age population, inequalities, and gross disposable household income.

1.3.4 The Committee would like to play its part in this process of ensuring sustainable economic transition and remains vigilant in calling for an ambitious climate/energy policy. Account should be taken of the outcomes of the conference held on 13 and 14 February 2014 on 'A New Global Partnership: the Positions of European Civil Society on the Post-2015 Agenda'⁽⁶⁾ — a conference in which the EESC played a key role.

2. Annual Growth Survey 2014 — continuity and a more in-depth approach

2.1 With regard to **continuity**, this opinion on the 2014 AGS takes up the observations set out in the Committee's previous opinions on the European Semester, with additional input from national economic and social councils and similar bodies. The **following conclusions remain relevant** in 2014:

- the '**European Semester**' is an evolving but complex process enabling closer coordination, set up at short notice in response to the worst multidimensional crisis in the history of the EU, a crisis which exposed the inherent shortcomings of an incomplete EMU;
- anchoring growth in the objectives of the **Europe 2020 strategy**, with particular emphasis on the importance of: education, training and lifelong learning; active labour market measures; entrepreneurship and self-employment; social inclusion policies; and energy efficiency;
- environmental transition to a **sustainable production and consumption model** as an essential prerequisite for economic recovery;
- Member States and regions are growing increasingly **far apart** from one another; there is also a growing gap between central and outlying areas. There is an urgent need for cohesion policies to restore convergence to the EU;
- the need for effective implementation of reforms by European institutions and the Member States;
- **increased public debt**, exacerbated by the banking crisis;
- **differentiated fiscal consolidation** compatible with renewed growth; policies to consolidate public finances must take a longer-term perspective and be based on efforts to strike an intelligent balance between revenue and expenditure, supply and demand;
- in parallel with this, there is an **urgent need for an initiative to restore growth, employment and competitiveness**; effective reforms of product, service and labour markets where necessary; support for investment and solidarity policies; a full **Banking Union**;
- the far-reaching social implications of policies implemented in response to the crisis; the need to take into account **social justice and equity** when calculating the costs and benefits of structural reforms; the need for a social impact assessment of these reforms;
- respect for the social partners' autonomy and collective agreements; cooperation and close consultation with the **social partners and civil society**, while strengthening the democratic legitimacy of the European Semester; strengthening social dialogue, particularly on labour market reforms.

2.2 Instruments of relevance to a growth survey

2.2.1 The EESC notes that the European Semester process has resulted in a gradual transition from coordination to more binding economic governance for the Member States. At the end of 2013 this took the form of an evaluation of country-specific recommendations, which will be used as a basis for the **next recommendations in spring 2014** and for their translation into NRPs. The various European Semester instruments enabling analysis for the purposes of closer coordination constitute an intricate interlocking mechanism. Unfortunately, at present only a **very small number of European and national experts** fully understand this mechanism.

⁽⁶⁾ A New Global Partnership: European Civil Society Positions on the Post-2015 Framework.

2.2.2 For the first time in autumn 2013, the Commission evaluated euro area countries' **draft national budgets** before these budgets were debated and adopted by the respective national parliaments. The Commission has not asked any of the thirteen euro area countries concerned to revise their drafts, thus avoiding any conflicts of legitimacy for the time being. However, the Alert Mechanism Report, which analyses ten macroeconomic indicators ⁽⁷⁾, states that there will be in-depth reviews of **sixteen countries this year** to identify imbalances and to determine whether they are excessive or not.

2.2.3 According to the Commission's analysis, the current situation is at a **turning point**, with prospects of an **overall recovery (1,1 % for the euro area, 1,4 % for the EU-28)** which therefore need strengthening. The Committee is concerned that this still fragile incipient recovery is not yet visible in all Member States. However, it acknowledges that there has been progress with the new AGS, which makes **growth and competitiveness the top priority**. The Committee will be monitoring implementation of this priority in order to ensure that the EUR 400 billion is allocated to projects intended to achieve it. It will make sure that the future convergence and competitive instrument helps countries in difficulty to step up the quality and pace of their reforms.

2.3 Continuing uncertainties?

2.3.1 The AGS notes that there is an **incipient and still modest recovery**. The Committee is concerned about the uncertainties emphasised in the Commission's document, such as the correlation between failing banks and sovereign debts or decreased demand in emerging countries, the fragmentation of the financial system, and high unemployment levels. These uncertainties undermine prospects and stand in the way of growth.

2.3.2 The EESC notes that the 2014 AGS is generally more optimistic in tone than the IMF and OECD forecasts, which suggest that the pace of global economic recovery is slower than announced in May 2013, mostly due to a worsening outlook for emerging economies ⁽⁸⁾. Over the last few years, there have been several occasions where the Commission was optimistic about recoveries which never happened. It calls on the next Commission to review **economic forecasts and if necessary to change course**. In any case, the Committee stresses that stagnation or excessively slow recovery would threaten social protection systems, particularly in countries where such systems are still fragile.

2.3.3 During the crisis labour markets deteriorated. However, we are not now seeing an equivalent improvement as economies stabilise; the AGS merely points out that there is a time lag between economic recovery and employment. If this lag continues, there is a risk of **long-term structural unemployment**. This is why **labour market participation must be stimulated** in various ways, through qualifications, lifelong learning, involvement of the social partners, as well as government and private sector investment programmes to create jobs.

2.3.4 It is still too early to say whether we are out of the euro crisis. There are numerous dangers, such as the risk of excessively low inflation (less than 1 %) over a longer period leading to **deflation**, which could jeopardise any prospects of recovery. **ECB monetary policy** is decisive in this respect. One of the other risks which the Committee would like to emphasise is that several banks may be too weak to meet their obligations. The forthcoming stress test under ECB supervision will be an important indicator of the state of health of the financial sector.

2.3.5 The AGS acknowledges that **business prospects are difficult**, with weak growth forecasts in some countries and difficult access to credit causing problems for many SMEs, some of which are facing bankruptcy.

2.3.6 The EESC acknowledges that **social and economic disparities** make it difficult to set uniform priorities valid throughout the European Union. In order to draw up relevant country-specific recommendations, the Committee recommends specific measures to ensure **dialogue between the Commission** and civil society, and to strengthen **social dialogue**.

⁽⁷⁾ Indicators of the scoreboard for prevention and correction of macroeconomic imbalances: current account balance, net international investment position, real effective exchange rate, export market share, nominal unit labour costs, property prices net of inflation, private sector credit flow, unemployment rates — three-year average, private sector debt, public sector debt, total financial sector liabilities.

⁽⁸⁾ OECD, Economic outlook, analysis and forecasts, Euro Area — Economic forecast summary (November 2013), <http://www.oecd.org/eo/outlook/euroareaeconomicforecastsummary.htm>.

2.3.7 The EESC remains concerned about the problems inherited from the crisis. It is seriously concerned about the potential risks of the asset quality review (AQR) and stress tests to be carried out on banks in 2014; such monitoring must be credible, but the Banking Union does not offer immediate solutions.

2.3.8 The EESC welcomes the agreement on the directives on deposit guarantee systems and on recovery and resolution of banks. **Implementation of a Banking Union in relation to monitoring and resolution** will be of key importance in relaunching the economy and restoring trust. This is why the EESC is calling for speedy adoption of a **Single Resolution Mechanism** as a key instrument for managing future banking crises. The Committee is extremely disappointed that the recent Council was unable to reach agreement on full Banking Union and opted for an intergovernmental process.

3. Stabilisation at the same time as fragmentation

3.1 The AGS acknowledges that Europe's share in international trade contributes significantly to the EU's wealth and that recovery is focusing on **growth more strongly driven by increased exports** to emerging economies, with internal devaluation in some countries.

In a context of fierce international competition, the EU still has a very strong trading position, despite **significant changes in value flows and chains**. The EU also wants to ensure greater openness to investments. In response to this development, the European Union has committed itself to bilateral negotiations on both trade and investment and to the implementation of bilateral agreements. The Committee still attaches great importance to enforcing rules, standards and values in all agreements, where necessary using safeguard measures and WTO dispute settlement, and to being involved in arrangements to monitor these agreements.

3.2 The absolute priority given in the first AGSs to draconian general austerity policies has been replaced by a differentiated approach with more nuanced fiscal consolidation objectives. The EESC supports the call for Member States to design better consolidation plans, with more attention paid to the **quality, content and intensity of these plans**. The EESC acknowledges that the Commission has explicitly emphasised the influence of fiscal policy on growth, public sector efficiency, and social justice. It has also criticised environmentally harmful subsidies.

3.3 As emphasised in its opinion on the social dimension of EMU, the EESC is concerned about the economic and social situation. The trends in terms of economic recovery and social inequality **differ considerably** from one country/group of countries to another, undermining the prospects of all Member States sharing in prosperity. The EU is tasked with **preventing growing economic and social fragmentation**, not just within the euro area, but also, more broadly, in the Single Market. The EESC reiterates its call for a framework directive to combat poverty by facilitating labour market inclusion.

3.4 The EU as a whole should commit itself to reforms enabling it to adapt more successfully to changing economic conditions. As already emphasised in the Committee's previous opinion on the AGS, the costs and benefits of these structural reforms must be fairly shared by all stakeholders (workers, households/consumers and businesses).

3.5 The EESC feels that the priorities of the 2014 AGS do not tie in closely enough with the **Europe 2020 strategy and its quantified targets**. It reiterates its concerns about the **lack of progress** towards targets. The Committee asks why no attempt has been made to analyse the reasons for this lack of progress and looks forward to the mid-term review. It is also concerned about the diverging trends within the EU in terms of economic activity, employment, unemployment and precarious working conditions. In many fields, Europe 2020 targets are becoming more and more unattainable. Unemployment appears to have stabilised at 10,9 % in the European Union (12,1 % in the euro area), i.e. at levels not seen since the launch of economic and monetary union.

3.6 Even though the institutions have been calling for a stronger social dimension of EMU since 2011, the Committee notes the very disappointing outcomes of the December 2013 European Council, which had included this priority on its agenda. And yet, the Committee would like to point out that the **Employment Report includes some effective analytical tools**. It notes that the European Semester includes the social indicators scoreboard in the employment report and calls for its inclusion in a single monitoring framework giving equal priority to economic and social dimensions. **Quantifiable employment and social performance targets** are needed alongside government debt and deficit targets. Similar adjustment and solidarity mechanisms will be needed to correct social inequality and promote social investment. For many years, the EESC has emphasised that there is an **enormous need for investment**, including social investments, to create jobs, reduce poverty and combat social exclusion. This will require both public and private sector investments, and in some cases implementation of **structural reforms**.

3.7 The EESC also emphasises that structural problems in Member States must be dealt with at the source. **Structural competitiveness, economic growth and a strong social dimension** are key factors in helping Europe to emerge from the crisis. The recently proposed scoreboard of social indicators should be used to strengthen change in the short and medium term, in close cooperation and consultation with the social partners.

3.8 It is vital to integrate the **gender dimension** in the new economic governance. The Committee calls on European institutions and Member States to take the gender dimension into account in their reforms, to define gender-specific data in all instruments, and to identify the impact of gender inequality on growth, particularly in the NRPs and the country-specific recommendations.

3.9 Due to the lack of **sufficient coordination between national policies**, policies in one Member State can have a negative impact in other Member States. The AGS mentions this problem, but the debate launched by the communication on plans for major economic policy reforms needs to be pursued in greater depth, to ensure that we have a coherent **schedule for structural reforms**. In this connection, **fiscal or social competition as well as energy mix and migration policy choices** could have negative repercussions for other Member States.

3.10 The main challenge now is to **support economic recovery**. Among other things, this will require proper implementation of major economic reforms, and efforts to strengthen **structural competitiveness**, i.e. the capacity to innovate, as well as to enhance the quality of products and services, to rethink work organisation and management, and to develop research and its applications, alongside **other price-related competitiveness factors** such as production capital and labour costs, together with the allegedly excessively strong euro.

4. Long-term investments conducive to sustainable growth

4.1 The EESC is disappointed at the insufficient emphasis on investment and restoring **domestic demand**. Europe needs growth and jobs — this is why a **new European investment programme** is necessary. The EESC reiterates its proposals for an investment plan to create high-quality jobs for young people in particular, support sustainable development, and enable projects to promote an innovative future, at the same time as furthering education, research, infrastructure and environmental efficiency. The main criterion for such a programme should be to create jobs and as a result to reduce poverty and to relieve pressure on government budgets thanks to wider participation in the labour market.

4.2 Such an investment programme should complement and strengthen efforts to achieve greater **business competitiveness** and to promote economic recovery in order to enhance the EU's economic performance on the international arena, as well as ensuring a prosperous, inclusive and resource-efficient future. Solidarity and fairness both within countries and across Europe are essential in ensuring that the measures taken are politically and socially acceptable and in everyone's interest.

4.3 The EESC is happy with the reference to efficient use of **natural resources** and to energy policy implementation as priorities of the 2014 AGS intended to ensure growth and competitiveness. The Committee feels that building an **inclusive and green economy** will be the main challenge of the next few years, one which will mobilise Europe to emerge from the crisis. Measures to stimulate growth and employment must be based on an environmental transition to a low-carbon and environmentally resource-efficient economy by 2050. The EU will need to speed up this process.

4.4 Given that spending cuts alone cannot lead to growth, the EESC calls on the Commission to take a more in-depth look at policies on private investment, access to credit for SMEs, boosting consumption, and structural reforms in the field of fiscal policies. National-level measures in these three areas (**investment, consumption, taxation**) will only be fully effective within a clearly defined coordinated **European framework** geared towards prospects of sustainable development and shared prosperity.

4.5 The EESC reiterates its recommendations for **European level investment**, specifically through **EIB or EIF bonds** to finance growth, attract surplus savings worldwide, allow certain future-oriented structural investments to be excluded from the definition of public debt, and focus more attention on industrial policy.

4.6 In order to help relaunch **domestic demand** in Europe, we need more labour market participation, improved public employment services, and active labour market measures. Despite its modest funding, the **Youth Guarantee** is particularly welcome here. However, it is also essential to give employees and workers **stable employment and wage prospects**, as an essential precondition for restoring confidence and consumption.

4.7 If we want to encourage a relaunch of the Internal Market, modernisation of employment contract legislation to promote greater labour market **flexibility** should also strike the right balance by taking into account the **dimension of employment security**. Eurostat estimates a rate of 8,7 % of working poor in the EU in 2011 ⁽⁹⁾, and the economic crisis is continuing to exacerbate precarious conditions.

4.8 Similarly, the Commission's call for 'more effective social protection' to support social change and gradually reduce **inequality and poverty** should be interpreted as a demand for high-quality services to the most vulnerable groups. In 2012 a quarter of the EU's population, almost 125 million people, was at risk of poverty or social exclusion, according to Eurostat ⁽¹⁰⁾. This figure has been growing since 2008 and cannot be blamed on poor management of social protection systems; rather, the causes are the economic crisis and policies which have not paid enough attention to the issues of fairness and social justice.

4.9 In view of this, the EESC emphasises that the costs and benefits of structural reforms to achieve rationalisation must be fairly shared by all stakeholders. Above all, this means we need to start thinking now **how the benefits of the expected future long-term recovery are to be shared**. The EESC once again calls on the Commission to clarify its views on wages, inflation and productivity.

5. Governance is improving, but is still limited and uneven

5.1 The EESC considers that when evaluating the EU's new economic governance, we need to **simplify processes**. It has already been emphasised in the Committee's opinions that the European Semester schedule is overloaded with instruments (SGP, TSCG, six pack, two pack, etc.). The EESC notes that despite the complexity of this evolving governance, it does seem to have reassured markets about the EU's and the Member States' determination to meet the **challenges of EMU**. We now need to combine credibility, comprehensibility and legitimacy.

5.2 In terms of involving the **social partners and civil society**, the focus in the AGS seems mainly to be on national ownership, with insufficient emphasis on their real involvement in shaping guidelines and implementing policies. The credibility and social acceptability of reforms is contingent on close cooperation and consultation with the social partners; failing this, implementation cannot succeed.

5.3 Ordinary Europeans also expect Europe and its Member States to ensure that this new governance meets the **other challenges** they are facing in areas such as combating global warming, energy policy, industrial policy, promoting careful and efficient resource use, etc. In view of this, the EESC welcomes the Commission's energy priorities.

5.4 An incentive mechanism could be set up within the economic and social governance system, with a single monitoring procedure **in support of national reforms** intended to achieve **convergence and competitiveness**. The 2014 AGS mentions the lively debate on the new convergence and competitiveness instrument with '**contractual arrangements**' or 'contracts for competitiveness' under which Member States would commit themselves to reforms in exchange for financial support to facilitate implementation. The Committee feels that more details are needed on financing arrangements (added value compared to existing Structural Funds, types of reform eligible for support, size of the financial instruments, source of financing) and the form of these contractual arrangements. In view of this, it feels the **debate should remain open and that hasty decisions should be avoided**. A contractual approach underpinning the convergence and competitiveness instrument could offer more room for manoeuvre at national level enabling closer civil society involvement. This approach also seems to represent a compromise between voluntary coordination and compulsion in areas where Community competences are currently limited. The Member States will re-visit this idea at the October 2014 European Council meeting.

5.5 With regard to the shift in **taxation** from labour to e.g. consumption, the EESC is concerned that in the current context this could undermine domestic demand. It is also concerned about the risk of Member States undercutting one another on salaries, something which would also undermine demand.

⁽⁹⁾ [http://www.europarl.europa.eu/RegData/bibliotheque/briefing/2013/130424/LDM_BRI\(2013\)130424_REV1_FR.pdf](http://www.europarl.europa.eu/RegData/bibliotheque/briefing/2013/130424/LDM_BRI(2013)130424_REV1_FR.pdf).

⁽¹⁰⁾ http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/3-05122013-AP/EN/3-05122013-AP-EN.PDF.

5.6 With regard to **environmental taxation**, the EESC notes with interest that the Commission has set itself the priority of rethinking labour-based taxation and transferring the burden to other areas linked to e.g. pollution. Steps should be taken to promote environmental tax reforms in Member States given that these could support fiscal consolidation at the same time as helping to cut consumption of natural resources and imported fossil fuels. This would be less harmful for growth and employment than indirect taxation.

5.7 With regard to **property taxes**, which the AGS merely mentions as another alternative to labour-based taxation, the Committee would like the Commission to explain its ideas on this subject and to include more substance in the next AGS.

Brussels, 26 February 2014

The President
of the European Economic and Social Committee
Henry MALOSSE

**Opinion of the European Economic and Social Committee on the Amended proposal for a Directive of the European Parliament and of the Council laying down a procedure for the provision of information in the field of technical regulations and of rules on Information Society services
(codification)**

COM(2013) 932 final — 2010/0095 (COD)
(2014/C 214/11)

On 13 January 2014 and 21 February 2014 respectively, the European Parliament and the Council decided to consult the European Economic and Social Committee, under Articles 43, 114 and 304 of the Treaty on the Functioning of the European Union, on the

Amended proposal for a Directive of the European Parliament and of the Council laying down a procedure for the provision of information in the field of technical regulations and of rules on Information Society services (codification)

COM(2013) 932 final — 2010/0095 (COD).

Since the Committee endorses the content of the proposal and has already set out its views on the subject in its earlier opinion CESE 966/2010, adopted on 14 July 2010 (*), it decided, at its 496th plenary session (meeting of 26 February 2014), by 224 votes to 4 with 13 abstentions, to issue an opinion endorsing the proposed text.

Brussels, 26 February 2014

The President
of the European Economic and Social Committee
Henri MALOSSE

(*) EESC opinion on the *Proposal for a Directive of the European Parliament and of the Council laying down a procedure for the provision of information in the field of technical standards and regulations and of rules on Information Society services (codification)*, OJ C 44, 11.2.2011, p. 142.

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