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I

(Resolutions, recommendations and opinions)

RESOLUTIONS

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

518TH EESC PLENARY SESSION, 13 AND 14 JULY 2016

**Resolution on the European Economic and Social Committee's contribution to the Commission's
2017 work programme**

(2016/C 389/01)

2017 — A year for a new impetus and greater solidarity in Europe

Policy Statement

The EESC regrets the result of UK citizens' vote to leave the EU. It was a democratic vote, a legitimate decision, but its consequences will affect not only a divided UK but also the whole EU. Now, a long and difficult process of negotiations will be opened in order to define all the conditions of this exit. We do not know how and when Article 50 of the Treaty will be implemented but the EESC asks for a rapid start to the negotiations in order to respond to the present uncertainty about the future of the EU, and about its institutional and political structure. The reaction of financial markets is a clear signal that a new recession is likely (and not only in the UK) and the EU has to react with urgency.

The EESC demands to be fully involved in the negotiation process with the UK. It is clear that the vote of the British citizens is a new, urgent wake-up call for the European institutions; citizens demand to be involved in the EU decision-making process and the impact of Brexit is a key issue to be managed with the full support of the citizens of the other EU countries as well. The EESC, representing civil society organisations, is ready to actively participate in this process.

Finally, the EESC believes that the European Commission should reconsider the 10 priority areas of its programme, taking into account the need to manage Brexit with urgency, with all of its institutional, political, economic and social implications.

1. The European Economic and Social Committee expresses its deep concern about the state of the European Union. The current political and economic context, in an environment of increasing mistrust on the part of European citizens towards the EU integration process, means that the European Commission must work to restore a spirit of solidarity and responsibility, as already stated in the Work Programme for 2016. There are growing signs of a lack of will on the part of Member States to find common and cohesive solutions. At the same time, convincing citizens of their ownership of the EU's objectives should be a cornerstone of EU action.

2. The refugee crisis requires urgent humanitarian action. At the same time, special attention must be devoted to the difficulty incurred by European governments in advancing solutions that are agreed upon by all European citizens, who are feeling insecure and afraid. Safe legal corridors have to be opened and the EU has to move firmly towards a Common Asylum System, finalising the policy and legislative initiatives issued in May and July of 2016. The European Commission should increase efforts to enforce the rule of law in the implementation of the EU *acquis* in the fields of migration and

asylum and ensure responsible management of the Schengen Area in order to restore mutual trust and the sustainability of the area of free movement. Jeopardising the Schengen Agreement would strike at the heart of the European project and restrict its progress. The just demand for more regulated control and management — in full compliance with the rule of law — of external borders, the general public's legitimate request for greater safety and security, and the demand for closer cooperation in the fight against terrorism cannot mean erecting barriers within the EU and restricting the free movement of people.

3. Greater concern is caused by the spread of anti-European sentiments and the increasing political representation of xenophobic and populist movements in national parliaments and in society at large, which threaten democratic values in Europe. In some Member States these movements are in a position to influence the government. This hostility towards Europe as a whole can lead to a risky debate on opt-out mechanisms granted to governments based on their respective contemporary political needs, as the Brexit debate has demonstrated. The EU needs to respond to this drift towards protectionism and nationalism by also confronting it on a cultural level.

4. However, we should not forget or undermine the achievements that the EU has secured so far and economic integration has now to be completed with deeper political and social integration. The single market is a core element of European integration and the functioning of the playing field has to be preserved at all costs. Citizens must form an active part of this progress. Dialogue at local, national and European levels must be strengthened and structured with the help of civil society, including social partners who are crucial to charting a new course for Europe.

5. Young people are a priority for this cultural change, as they are both the most affected by unemployment and also offer the greatest potential for resolving the crisis. Building on lessons learned, the 'Erasmus generation' shows an openness and readiness to talk and grow together with different peoples and cultures. For this reason the Commission must offer opportunities, aside from the timid results of the Youth Guarantee, for all young people to benefit from European exchanges, regardless of their education level and occupational status.

6. In an economic and social climate that remains uncertain, the European Commission is urged to harness all available resources to boost growth, high-quality jobs and social progress. Financial, productive and social investments are far from returning to pre-crisis levels. A growth-enhancing macroeconomic environment is needed, driven by a favourable investment environment within a well-functioning internal market. All aspects of international competitiveness should be addressed, and increased domestic demand may provide a boost to European companies on the global market, stimulating a virtuous circle that will benefit everyone.

7. Economic governance must be geared towards growth and social progress, implementing all the priorities of the communication on Steps toward Completing Economic and Monetary Union and the Annual Growth Survey 2016. Country-specific recommendations should make better use of the flexibility within the existing Stability and Growth Pact rules in order to stimulate growth. Ownership of the European Semester has to be increased, involving civil society at large and recognising the specificity of social partners at European and national level.

8. The updated Europe 2020 strategy should tie in with the United Nations 2030 Agenda incorporating the new sustainable development goals (SDGs), viewing economic, social and environmental aspects as inseparable and interdependent components, and renewing efforts to meet those social goals on which the EU is lagging behind.

9. The EESC asks the Commission to exercise its leadership in building consensus and commitment in the European Parliament and the Council in order to enforce the internal and external agenda of the EU.

10. Against this backdrop the EESC, calls for the Commission to focus its 2017 work programme on the following three strategic areas, recognising that the internal and external dimensions as well as the economic, social, and political dimensions are inseparable:

10.1. *Strengthening the economic and social cohesion of the EU*

- In order to achieve an investment plan that accounts for at least 2 % of the EU's GDP, the EESC recommends a fiscal stimulus, through public investment among other things, targeted at investments that stimulate innovation and growth, prioritising sectors such as energy, transport and broadband infrastructure, digitalisation, the low-carbon circular economy, the social economy and skills for entrepreneurship and quality jobs. The use of European Funds should be consistent with these objectives. Sustainable enterprises and industrial growth need to be promoted together with a targeted plan for SMEs.
- As for the European Semester process, the EESC calls on the Commission to precisely follow and fulfil all objectives, both economic and social, that relate to the drawing-up of social country-specific recommendations for recording tangible results in the attainment of the EU 2020 targets including the fight against poverty and inequality.
- The completion of the single market requires a firm commitment on the part of the Commission to the priorities set in 2016. Free movement of workers should remain a priority; fair mobility means ensuring compliance with the principles of equal treatment and non-discrimination on the grounds of nationality, in accordance with the European *acquis* for European workers.
- The principle 'equal pay for equal work in the same workplace', as stated by President Juncker, into the EU labour mobility framework, is under discussion in the EESC. The Committee has already expressed its concerns about distortions which can undermine labour market integration and fair competition.
- The Economic and Monetary Union is at the core of the single market, and the EESC insists that its economic, social and political pillars need to be developed. The euro area, including those countries that wish to join, needs a stronger identity.
- Making use of the opportunities provided by digitisation requires measures to be taken in numerous fields. The EESC calls on the Commission to set up a regular consultative process to manage the impact on the quality and quantitative aspects of employment, production, consumption and public services for citizens. Special attention must be paid to the implementation of the Digital Skills Agenda, especially in terms of ensuring accessibility for all.
- The Energy Union is still far from complete. The EESC challenges the Commission to speed up the implementation of the Energy Union strategy to ensure the security of energy supplies and reasonable prices by means of diversified energy sources and a fully-integrated internal energy market. A Just Transition Fund to support the transition process to a low-carbon economy is needed. As for climate policy, concrete action is needed immediately. The EC should ensure civil society and citizens at global, national and subnational levels become more involved in the development, review and, above all, implementation of the Paris Agreement.
- The refugee crisis needs to be properly managed. Safe humanitarian corridors have to be opened and the EU has to firmly move towards a common asylum system.

10.2. *Strengthening the EU's global role*

- In 2016, the EU has grown as a global player and should enhance its position in promoting peace and stabilisation in conflict areas. However, insufficient internal cohesion and a lack of political commitment have so far weakened the EU's influence in the world. As a prerequisite for effective external action, integrated policy measures are needed, insofar as possible, between its foreign and internal policies.
- Additional practical measures are needed to reinforce security in Europe: a strong common foreign policy to address open conflicts in neighbouring countries, a development policy that is consistent with that of other international institutions, international police cooperation, and effective control of external borders without restricting individual freedoms and privacy.

- The EESC considers it essential to conclude current bilateral trade and investment negotiations, ensuring a balance of interests as identified in the EESC opinion on the EC communication 'Trade for All', and to work towards implementing them properly. Transparency and the fair balance of interests also need to be pursued in the multilateral approach to trade agreements within the framework of the WTO. Environmental, social, labour, consumer and other standards, together with public services, should not be reduced by EU agreements, and indeed these agreements should aim to improve them.
- The global Sustainable Development Goals of the UN Agenda 2030 have to be integrated in the policy areas related to EU external action.
- The EESC calls on the Commission to focus its efforts on influencing and boosting the development and export of climate technologies and solutions on a global scale.

10.3. *Strengthening citizens' ownership of the EU*

- The EESC asks the EC to open a debate on the way the EU operates. We need to reaffirm European values within a shared vision, the importance of Europe's solidarity-based dimension, social cohesion and the construction of a participatory and inclusive democracy.
- The EESC strongly encourages the Commission to closely monitor compliance on the part of Member States with the Rule of Law and the Charter of Fundamental Rights, and to actively deal with any infringements.
- The EESC regrets that the Commission has not taken into due account the EESC's contribution to the Work Programme for 2016 and that it has not deemed it appropriate to have an in-depth exchange of views on the policy choices made by the Commission itself. Building a systematic dialogue with civil society organisations and strengthening social dialogue at all levels are key to achieving the EU's objectives.

RECOMMENDATIONS AND PROPOSALS FOR ACTION LINKED TO THE 10 EUROPEAN COMMISSION PRIORITIES

1. **A new boost for jobs, growth and investment**

- **Investment in infrastructure, production and good-quality jobs.**
- **A revamped European Semester for growth, competitiveness and social progress.**
- **Moving quickly toward a low-carbon circular economy.**

1.1. Employment remains the top priority in 2017, in particular via the creation of new jobs for the long-term unemployed, women, young people and migrants.

1.2. As for the European Funds, the Commission should evaluate their use and ensure that financing is allocated in a way that is effectively targeted and maximises the stimulation of innovation and growth, prioritising investment in infrastructure, production and good-quality jobs. Irregularities in the use of EU funds have to be better monitored and sanctioned.

1.3. The social services sectors are one of the biggest job creators in Europe. The Commission should therefore develop an action plan to maximise its potential and unlock the European Fund for Strategic Investment for the social sector.

1.4. In 2017, the Annual Growth Survey should also prioritise social investment and assist lagging economies in achieving European economic and social standards.

1.5. A skills offensive is needed based on the swift implementation of the New Skills Agenda for Europe and the Youth Employment Package (Youth Guarantee and European Apprenticeship Alliance).

1.6. The measures envisaged in the Action Plan for the Circular Economy must be implemented without delay, giving priority to measures that help secure a more competitive environment for European businesses. The Committee wants the EC to explore the feasibility of an open European platform for the circular economy bringing together all stakeholders and hosted by the EESC.

2. A connected digital single market

— **Boosting digitisation of infrastructure, production and public services.**

— **Increasing skills and acceptance of digital change across society at large and among workers.**

2.1. The digitalisation of industry will be a decisive factor for the competitiveness for the European economy. The digitisation process is having a significant impact on European civil society and has become essential to people's lives. The EESC, with its cross-cutting responsibilities — a forum representing organised civil society — will act in order to boost the acceptance of policies in this area within European civil society.

2.2. The potential of the digital economy, tied in with other major economic changes (e.g. transition to a sharing economy and a low-carbon economy), must be more strategically geared towards the achievement of the UN SDGs (Sustainable Development Goals).

2.3. In order to eliminate disparities between individuals and between small businesses, the digitisation agenda should be fully utilised in the development of smart manufacturing, smart energy grids, smart transport and mobility, smart housing and smart communities. There is also considerable scope to use digitisation to improve public services and administration. The Commission should promote the exchange between Member States of best practices in this field.

2.4. Social partners, as part of a European coordinated strategy, should be called upon to harness all instruments of social dialogue to address the challenges of the digitisation process so as to maximise good-quality employment opportunities, re-skill/up-skill affected workers and identify new forms of protection for these workers. In order to ensure a comprehensive approach, it is advisable to set up a regular consultative process with other civil society organisations.

3. Resilient energy union with a forward-looking climate change policy

— **Implementation of the Energy Union Strategy, including its external dimension**

— **Implementation and global enhancement of COP21 decisions**

— **Providing for a fair transition to a low-carbon economy**

3.1. The Commission must continue to implement a far-seeing strategy in line with the work programme annexed to the 2015 communication on the State of the Energy Union.

3.2. The EESC's proposal for a European Energy Dialogue (EED) must become a key mechanism in ensuring that the knowledge, concerns and interests of civil society feed into the Energy Union process.

3.3. The decisions of COP21 need to be implemented without delay and with the full involvement of organised civil society. A level playing field is required for internationally-competing companies in order to prevent carbon leakage. Calling on the EU Member States to announce their National Determined Contributions would be the right signal. The need to re-launch investments and consolidate the EU's leadership in green technologies should be taken into account as well.

3.4. In the light of the COP21 commitments, risks of carbon leakage have to be carefully assessed and policy instruments implemented to effectively tackle them, particularly in the context of the EU Emissions Trading system for the period 2021-2030.

3.5. The food system is both one of the leading causes of climate change and will be significantly affected by it. The role played by the agri-food sector in adapting to and mitigating the effects of climate change must be strengthened. The importance of food waste prevention and reduction and civil society's efforts should be highlighted in the context of the EU circular economy action plan.

3.6. Beside the Just Transition Fund, the EU must implement the Innovation Fund and the Modernisation Fund and involve social partners and other civil society organisations in the management of these funds.

3.7. Following the result of the EESC study on planned obsolescence, a pilot project should be launched on including the estimated or average minimum lifespan in a product labelling system.

4. A deeper and fairer internal market with a strengthened industrial base

— **A growing industry and a functioning Capital Markets Union.**

— **Promoting a more competitive and greener economy, developing social economy enterprises and implementing innovative models.**

— **Making fair labour mobility available for all.**

— **Towards fairer taxation.**

4.1. As industry lies at the heart of the single market, the European Union must continue to concentrate on revitalising its industry and meet the target of increasing its contribution to the EU's GDP to 20 % by 2020. Special attention should be paid to the challenges facing the steel industry, through a re-modulation of state aid and a more targeted use of the European Globalisation Adjustment Fund. An Action Plan for the European Defence Industry, which would achieve considerable savings in defence procurement, must also be put in motion.

4.2. The EESC calls for effective measures to improve access to finance, alongside the initiatives taken in the framework of the Capital Markets Union. The regulatory and supervisory framework (micro and macro prudential) of the financial sector should be adapted in order to reduce the risk of regulatory arbitrage. The shadow banking sector should also be addressed in this context. Moreover, means should be developed for better tapping into the capital available in sovereign wealth funds. In the banking union process reference should be made to the public service component of banking services. Citizens must be able to use these services knowing that they are transparent, reliable and low-cost.

4.3. A concrete action plan is needed to tackle the obstacles that SMEs, including micro- and family enterprises, encounter domestically and in trading across borders.

4.4. To unleash the full potential of social economy enterprises, the EESC urges the Commission to launch an Action Plan for the Social Economy, providing a complete ecosystem for its development and growth.

4.5. The EESC underlines the need to increase Europe's competitiveness and support the green economy. In this context, it is important to encourage, when reviewing the Single Market Strategy in 2017 — in addition to the principle of maintaining a level playing field — new enterprise models which balance economic, social and environmental aspects. The collaborative economy, the functional economy and the circular economy need clear guidelines in order to flourish. A comprehensive approach taking account of the different social, economic and environmental aspects in a coherent policy

framework is essential. It is crucial to establish a more ambitious corporate social responsibility strategy that better recognises the contributions of enterprises to the common good, measuring indicators of well-being and social development beyond GDP.

4.6. Regarding public procurement in accordance with the new directives, it is necessary to facilitate the application of social clauses and a reserved market, designing a guide for contracting authorities.

4.7. Fair labour mobility has to be safeguarded. In this regard, the EESC is currently preparing its opinion on the Commission's proposal concerning the revision of Directive 96/71/EC and is addressing the issues of supporting the freedom to provide services and of preserving both fair competition in the service market and equal treatment in the labour market.

4.8. The policy development needs of the CAP, in the context of the mid-term review of the MFF 2014-2020, should be geared to maintaining multi-functionality, family farms and sustainability at the core of European agriculture. The Commission should prepare a European food strategy with a comprehensive approach covering the whole supply chain, from agriculture to consumers, as well as ensuring policy coherence between different policy sectors, ranging from agricultural policies to trade, education and climate policies.

4.9. The EU Urban Agenda is of the utmost importance. The Commission should prepare a White Paper on rural areas. It should be pointed out, however, that urban and rural areas are closely linked to each other and do not have alternatives.

4.10. It is important to reap the employment benefits of boosting the Single Market, especially with regard to services, digitalisation and labour mobility. The proper functioning of the Single Market and a framework guaranteeing security for people as well as fair competition are the basis for economic recovery in Europe. The EESC also stresses the need to address the situation of the working poor and to develop effective tools and policies to safeguard a living wage and ensure security in the field of new employment relations.

4.11. The Action Plan for Effective Corporate Taxation has to move forward, notably concerning the common consolidated corporate tax base (CCCTB). The EESC calls for decisive steps to curb tax fraud, tax evasion and aggressive tax planning. Tax should be captured in the place where the economic substance is located. To this end, the EESC wants to ensure that the EU is fully involved in the OECD's action plan to combat tax avoidance, base erosion and profit shifting (BEPS);

4.12. The EESC welcomes the focus on the part of the Commission during the last European Semester cycle on a progressive shift of tax burdens away from low-income taxpayers in a more efficient and equitable tax system, encouraging a move to taxes that have less dampening effects than taxes on labour. Moreover, reforms of taxation systems are necessary in order to ensure their redistributive role which may help to curb inequalities.

5. A deeper and fairer Economic and Monetary Union

— **A roadmap for completing the EMU including Banking Union.**

— **Pressing ahead with economic and political union.**

— **Making the European Semester deliver the Europe 2020 Strategy and social goals.**

5.1. Taking into account the severely limited capacity of the monetary policy to stimulate demand, the euro area economy is in a so-called 'liquidity trap'. Greater solidarity is needed from countries with structural surpluses which should contribute more extensively to expansionary policies.

5.2. The euro area must strengthen its growth potential and its ability to cope with asymmetric shocks and promote economic and social convergence. This requires a new regulation on a specific fiscal capacity. The EESC calls for a macroeconomic dialogue to be established in the euro area as a key contribution to the democratic and social development of EMU. The EESC emphasises that future discussions should refer not to 'competitiveness boards' but to 'boards for competitiveness, social cohesion and sustainability'. The euro area will need to speak with one voice in international bodies.

5.3. The EESC expects the European institutions to embark on the second stage of the roadmap for completing the EMU in 2017, giving a clear identity to the euro area. A corresponding roadmap should include a political discussion on the implementation of institutional steps, some of which may require Treaty changes.

5.4. The discussion should ideally address the following issues: a more robust structure for the euro area, the euro area's fiscal capacity and joint debt issuance by euro area Member States, managed by a European Monetary Fund; improved accountability and democratic legitimacy for the EMU, achieved by strengthening the powers of the European Parliament, and a better-structured Inter-parliamentary Conference and closer commitment on the part of national parliaments, as well as voting by euro area MEPs only on matters of EMU competence.

5.5. As part of the European Semester, civil and social dialogue can be a driving force for successful, sustainable and inclusive economic, employment and social reforms. National parliaments must be involved in the planning and evaluation of national reform programmes (NRP) and the implementation of country-specific recommendations (CSR), in line with the EU2020 targets. The social partners have a specific role to play concerning their exclusive competences, responsibilities and tasks.

5.6. Immediate measures have to be implemented to introduce safety nets for low-paid and vulnerable workers, ensure a living income for households, target areas of poverty and offset inequalities. The European Pillar of Social Rights has to be clearly defined and implemented in 2017 with the active contribution of social partners and other civil society organisations. However, The EU Pillar of Social Rights should contribute to supporting sustainable economic development and job creation, and, to that effect, it should deliver tangible outcomes to improve the quality of life and work of people in Europe and boost efficient and inclusive labour markets and public services of quality and accessible for all.

5.7. As part of financial union, banking union is key to guaranteeing the integrity of the euro and to increasing risk-sharing with the private sector. The European Deposit Insurance Scheme proposal is an essential part of the banking union. Further risk sharing as part of the EDIS proposal should be accompanied by further risk reduction in the banking union. Both have to be dealt with in parallel and without delay and actually put into effect. The Commission should carry out a comprehensive in-depth impact study in order to further strengthen the legitimacy of the proposal.

6. Reasonable and balanced free trade agreements

— **Conclusion of the trade agreements with ambitious and innovative trade and sustainable development chapters.**

— **Reaping the benefits of civil and social dialogue.**

6.1. Policy coherence between development and trade policies is needed. As stated in the communication 'Trade for All', environmental, social, labour, consumer and other standards, together with public services, should not be reduced by EU agreements, but improved instead.

6.2. The Committee, under these conditions, considers it important to conclude current trade and investment negotiations in a balanced way (including TTIP, CETA, EU-Japan, EU-China investment negotiations, negotiations involving ASEAN countries and any outstanding EPAs) and, following ratification of the agreements, monitor effective implementation.

6.3. Transparency and fair balance of interests also need to be pursued in the plurilateral negotiations on services (TiSA) and environmental goods.

6.4. The pursuit of bilateral trade negotiations should not weaken the EU's commitment to the WTO and a strong multilateral global agreement, and should avoid possible conflicting rules. Within the framework of the WTO negotiations, a more focused approach is needed with digital trade, for example.

6.5. Trade is a key topic for the EU's manufacturing sectors and for defending the European market from unfair behaviours and dumping, by means of updated Trade Defence Instruments (TDIs) to fully protect the internal market from unfair imports from non-EU countries. However, the European Commission should carefully evaluate the impact of the decision on China's Market Economy Status.

6.6. While the Investment Court System recently proposed by the European Commission is an improvement on the discredited US-backed Investor-State Dispute Settlement mechanism, it is still controversial and needs to be evaluated further.

6.7. The EU's trade policy should take into account the different opinions expressed regarding the consequences of trade agreements. Special attention should be paid to the involvement of joint bodies comprising all parts of civil society in the monitoring of all aspects of free trade agreements. The EESC's expertise confers unique value on the work. Impact studies on future or ongoing negotiations remain a key tool for all those involved in monitoring negotiations.

7. An area of justice and fundamental rights based on mutual trust

— **Improving the security of citizens.**

— **Following the rule of law.**

— **Removing barriers and filling gaps.**

7.1. The growing demand for security on the part of European citizens requires an immediate response to protect the main achievements of EU integration and to restore trust among Member States. The fight against terrorism requires closer cooperation between Member States and between their authorities.

7.2. The search for peace in the Middle East, international police cooperation, the effective control of external borders and development policy are indispensable complements to the measures aimed at reinforcing security in Europe.

7.3. In 2017, the EU must strengthen the pillars of EU action set in the European Agenda on Security. The EU Security Agenda must ensure full compliance with the rule of law and respect for fundamental rights in Member States, including democracy, human rights, economic and social rights, and an effective civil society dialogue.

7.4. The proposal for a Directive on implementing the principle of equal treatment (COM 2008 (426) final) and significantly boosting the participatory aspect of civil society has to be unblocked.

7.5. The Gender Equality Strategy 2010-2015 needs a reinvigorated strategy with clear targets, practical measures and effective monitoring of progress against gender discrimination in the labour market, education and decision-making, as well as in tackling gender-based violence.

7.6. The European Disability Strategy should be upgraded according to the observations of the UN Committee on the Rights of Persons with Disabilities (CRPD), through relevant legislation and launching an EU priority card that is recognised in all Member States.

7.7. In the context of the fight against poverty, specific indicators and objectives have to be set out for children in vulnerable situations.

7.8. New forms of vulnerability such as precarious work, in-work poverty, and the situations of elderly and young women, single mothers and migrant women need to be addressed.

8. Towards a new policy on migration

— **Proper management of refugees.**

— **Integration of migrants.**

— **Fighting populism and xenophobia.**

8.1. The EU must respond to the issues of migration and asylum with closer cooperation between Member States, and unified and practical measures. The EESC refers to the recommendations and report it has launched based on fact-finding visits to 11 Member States. Priority must be given to the proposals emerging from the European Parliament report on the situation in the Mediterranean and the need for a holistic EU approach to migration.

8.2. In 2017, conditions must be put in place for terminating the derogations to border controls set by the Schengen rules and ensuring the rule of law in the management of the Schengen Area.

8.3. The proposed Common Asylum System is reasonably achievable in the medium term. Legislative and policy initiatives proposed by the European Commission have to be swiftly adopted, respecting the overarching interest of international protection seekers, and the rule of law as an expression of concrete solidarity among Member States.

8.4. It is therefore important to reconsider the proposal on resettlement, relocation, and protection of asylum seekers to open legal and safe routes for asylum-seekers.

8.5. In this regard, the EESC wishes to stress that the EU-Turkey agreement lacks the necessary guarantees to ensure respect for the EU's fundamental rights and international obligations. Firm action is needed to restore positive cooperation with the Turkish authorities, and those of neighbouring countries which remain key to keeping the EU's borders secure.

8.6. Migration policy requires resources to integrate migrants and refugees. The Committee appreciates the effort to make more rational use of the resources available under the various European funds. Resources must be increased, in particular under the ESF, for those Member States most exposed to the challenge of integrating migrants or refugees.

8.7. For people residing legally in Europe, it is crucial to get them involved in training, help them enter the jobs market and help them integrate into society in general. It is equally vital to address the increasing phenomenon of xenophobia and populism which are often linked to significant migration flows. The Joint Statement issued by European social and economic partners (ETUC, Business Europe, CEEP, UEAPME and Eurochambres) and work carried out by civil society organisations and social economy stakeholders point to the path ahead.

9. A stronger global actor

— **Internal cohesion for external action.**

— **Cooperation with neighbours and strategic partners.**

9.1. The EU should enhance its position as a global player for peace and stabilisation in conflict areas within the framework of international institutions and acting in a more cohesive way. For effective external action, integrated policy measures are needed between the internal and external policies of the Commission. Improving relations and cooperation with strategic partners is essential in order to play a stronger role as a global player.

9.2. The EU's contribution to cooperation and development should prioritise democratisation processes in its neighbouring countries. Concrete action is needed, supported by well-planned investments financed by the EU in coordination with the World Bank.

9.3. Dialogue with civil society organisations and people-to-people contacts should be properly integrated into the EU's external action. It is essential to support the creation of a structured dialogue with CSOs in the region in order to evaluate the European Neighbourhood Policy (ENP). Furthermore, social dialogue should become an integral part of the EU's cooperation and development programmes.

9.4. Evaluation of the ENP should be a priority. Relations with countries south and east of the Mediterranean should not focus on a defensive approach based on security aspects or the refugee crisis, but rather become a real co-development policy between equal partners.

9.5. Specific attention should be paid to relations with Russia, including more active diplomacy towards this country, particularly with regard to energy relations.

9.6. Of key importance will be the need to meet and begin implementing both the Sustainable Development Goals, and the COP21 Goals. The SDGs in particular must shape the EU's development agenda. The EU must be proactive in assessing the means, including budget needs, which it will require in order to face such challenges. An appropriate governance framework must ensure strong involvement by civil society. The EESC reiterates its proposal for a European Sustainable Development Forum.

10. A Union of democratic change

— **Promoting active citizenship and participatory democracy.**

— **Increasing openness and transparency.**

— **Enhancing civil dialogue and reinforcing social dialogue.**

10.1. To tackle the common, complex challenges the EU faces, it is crucial to mobilise all sectors and resources in creating joint solutions. Civil society is central to driving forward this vital innovation and change specifically requires trust from citizens. Therefore civil society stakeholders must be involved on equal terms as other stakeholders in order to fully ensure their contributions are fully capitalised on. This requires a change in culture but also supporting the value of a strong and independent civil society sector at the Member State and EU levels.

10.2. In this context, the EESC reminds the Commission of its call for the publication of a Green Paper on how civil dialogue could be organised effectively and on a permanent basis.

10.3. The EESC asks also and once again that consultation processes with the parties concerned in terms of representativeness, accessibility, transparency, and feedback be improved.

10.4. Action needs to be taken on the proposal to revise the Regulation concerning the European Citizen's Initiative in order to improve its effectiveness.

10.5. The EESC continues to consider strengthening participatory democracy a priority, with the aim of enhancing the democratic resilience of the European Union decision-making process. Within this framework, the new Commission-Council-Parliament inter-institutional agreement should allow institutional consultative bodies such as the EESC to have a greater impact on legislative proposals in the decision-making process.

10.6. Better regulation should be a method for ensuring more efficient and simplified regulatory texts, which are clear and transparent in their objectives. Consider the proposal for a legislative footprint to better monitor the development of legislation enabling civil society organisations to participate and strengthening the involvement of social partners in the legislative process, making sure their needs and expectations are met.

10.7. The Commission should continue with the REFIT process, in which the EESC should have a stronger role to play. The REFIT programme should not, however, undermine labour and social rights or environmental and consumer protection. More efficient regulation, including for SMEs, may result from the openness and transparency of better regulation processes, which should encourage beneficiaries to propose bottom-up legislative initiatives and should in particular lead to the enhanced involvement of civil society actors.

10.8. In March 2016, European social partners presented four joint positions on the relaunch of the social dialogue, refugees, industrial policies and digitisation. These need to be incorporated into the Commission's work programme for 2017 and promoted as such.

Brussels, 14 July 2016.

The President
of the European Economic and Social Committee
Georges DASSIS

OPINIONS

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

518TH EESC PLENARY SESSION, 13 AND 14 JULY 2016

Opinion of the European Economic and Social Committee on the impact on key industrial sectors (and on jobs and growth) of the possible granting of market economy treatment to China (for the purpose of trade defence instruments)

(own-initiative opinion)

(2016/C 389/02)

Rapporteur: Mr Andrés BARCELÓ DELGADO

Co-rapporteur: Mr Gerald KREUZER

On 21 January 2016 the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on:

The impact on key industrial sectors (and on jobs and growth) of the possible granting of market economy treatment to China (for the purpose of trade defence instruments)

(own-initiative opinion).

The Consultative Commission on Industrial Change (CCMI), which was responsible for preparing the Committee's work on the subject, adopted its opinion on 22 June 2016.

At its 518th plenary session, held on 13 and 14 July 2016 (meeting of 14 July 2016), the European Economic and Social Committee adopted the following opinion by 194 votes to 4 with 3 abstentions.

1. Conclusions and recommendations

1.1. It could hardly be accepted that China operates under market economy conditions, as it fails to fulfil four of the five criteria established by Commission practice and to mirror the Basic Regulation (Council Regulation (EC) No 1225/2009).

1.2. The EESC acknowledges that, although sources yield different results, if we lose the tools to ensure free and fair trade with China, an unacceptable figure of hundreds of thousands of jobs will be lost.

1.3. Losses would be concentrated in particular sectors and regions which would be heavily affected, such as aluminium, bicycles, ceramics, electrodes, ferroalloys, glass, paper, solar panels, steel and tyres. Further sectorial and geographical studies are therefore recommended.

1.4. The sectors affected are mainly producers or consumers of intermediate goods and, as a result, private consumers are not likely to benefit from the reduction of anti-dumping measures.

1.5. Industrial sectors that consume dumped products would benefit from the import of subsidised imports in the short term. However, in the medium term they could also be at risk, since China is also promoting downstream, added-value sectors. The poor record of China in the area of industrial property rights in this sense also poses a threat.

1.6. Industrial jobs, once lost, rarely return. If the individuals affected manage to find a job, it is likely they will have lower wages in positions where their skills are not valued. The replacement of quality jobs in industry by low-paid, insecure jobs also risks increasing the inequalities in our society.

1.7. The EESC therefore considers that granting China market economy status (MES) would seriously jeopardise the industrial base and manufacturing jobs in the EU. It would adversely affect prospects for relaunching European industry through high-quality, stable jobs and the introduction and dissemination of technological innovation, research and development — all key drivers for securing a dynamic and sustainable economic and social system in Europe.

1.8. Against this background, granting MES to China would represent a serious risk for industrial areas and SMEs' local production systems, with production threatened by China's unfair competition practices. This would run the risk of losing specialised SME production and the small-scale, highly specialised jobs that are the backbone of Europe's manufacturing structure.

1.9. The EESC calls on the EC, the EP and the Council to promote international fair competition, as a way to actively defend these jobs and European society values and to boost income and wealth in the European Union.

1.10. Defending these EU jobs and related investments not only makes economic sense but also fosters social and environmental sustainability. Relocating production from highly resource- and energy-efficient production sites in Europe to a coal-based Chinese economy would frustrate our ambitions regarding climate change and sustainable development. Respect for labour and human rights also remains problematic in China.

1.11. This defence must comply with European law and international treaties. It should also enforce the fulfilment of agreements by third parties and take into account the negotiations held with major trade partners such as the USA. Efficient trade defence instruments (TDIs) ensure fair competition. They are needed for the future of European industry and to support the target of increasing industry as a percentage of GDP to 20 %.

1.12. As long as China does not meet the EU's five criteria required to qualify as a market economy, the Commission should use a non-standard methodology in anti-dumping and anti-subsidy investigations concerning Chinese imports, in accordance with what remains of Section 15 of the China WTO Accession Protocol.

1.13. Keeping industries in the EU is the basis for healthy R & D networks, which are crucial for future growth and for finding solutions to our 'great societal challenges' (aging, energy, climate, healthcare and mobility).

1.14. SMEs do not have the resources to initiate anti-dumping actions or to collaborate fully with the EC in its investigations. The EESC calls for a simplified approach for sectors where SME participation is relevant.

1.15. Acknowledging the strategic importance of this issue, this opinion is the beginning and not the end of the EESC's engagement. The EESC intends to develop an ongoing engagement and recommends setting up an EESC project on market economy status (MES) for China in order to allow the Committee to monitor this issue on behalf of civil society. Adequate resources should be allocated to this task.

2. Introduction

2.1. Under WTO rules a country can impose anti-dumping duties, in addition to tariffs, on products from third countries if an investigation demonstrates that these products enter the country at prices lower than domestic ones, causing injury to local industry. When China joined the WTO in December 2001 a transitional arrangement for its accession allowed China to be treated as a non-market economy (NME) in anti-dumping proceedings if Chinese firms could not prove that they operated in accordance with free market principles. China's current NME status offers the option of using the prices of an analogue country rather than domestic prices (which in NMEs are artificially low due to state intervention) to calculate the dumping margin. The use of NME methodologies is described in Section 15 of the Chinese WTO Accession Protocol, but provision 15(a)(ii) will expire on December 2016. This expiry will oblige the EC to change the methodology that determines price comparability in AD files.

2.2. This EESC opinion focuses on the impact on EU industry and employment of the possible granting of market economy status (MES) to China and changing the trade defence instruments (TDI) methodology. This is independent of the legal discussion, as the EESC considers this topic extremely important for EU industry and the jobs linked to it.

2.3. The European Parliament has approved with a vast majority a resolution calling for a non-standard methodology that complies with China's Accession Protocol, while being able to effectively establish a free and fair trade framework.

3. General comments

3.1. Regarding the economy the EESC notes that:

3.2. China has experienced unprecedented growth in the last 15 years, which has changed the global industrial and trade landscape. The Chinese growth model has been based on investment, with this activity accounting for 46 % of its GDP in 2015, according to the IMF. This figure exceeds the share of investment in other developed economies such as the EU (19 %) and the USA (20 %).

3.3. The size and speed of the changes have been largely state-driven. The EESC acknowledges that China is not a market economy as defined by the EU, and there is a general consensus on this issue outside the institution. As the World Bank reports, 'the state has interfered extensively and directly in allocating resources through administrative and price controls, guarantees, credit guidelines, pervasive ownership of financial institutions⁽¹⁾, and regulatory policies'.

3.4. There are numerous examples of excesses in Chinese development. The country consumed 6,6 billion tonnes of cement between 2011 and 2013, more than the USA in the whole of the 20th century (4,4 billion). This means that in three years China has used as much cement as was necessary to build the USA over a century. Aside from the inefficient use of resources, a huge industrial capacity has been built to produce such a quantity of materials in a very short period.

3.5. China has started to change its model towards more consumption and service-orientated growth. The economy faces a slowdown, which means that a significant part of Chinese heavy industry's output will not find customers in China.

3.6. The European Chamber of Commerce in China reports that significant overcapacity has already appeared in products such as crude steel, aluminium, cement, chemicals, shipbuilding, refining, flat glass, paper and paperboard. The Chinese government acknowledges this and has decided to cut crude steel capacity by 100 million to 150 million tonnes by 2020⁽²⁾, and coal production by 500 million tonnes over the same period⁽³⁾.

⁽¹⁾ World Bank, China Economic Update, June 2015.

⁽²⁾ Curb to be placed on metal overcapacity, English.gov.cn, Feb 2016.

⁽³⁾ Coal capacity guideline issued, English.gov.cn, Feb 2016.

3.7. Regardless of these intentions, reducing total capacity will be a long-term task. Factories closed in the past 10 years have been replaced by modern, more productive ones and the problem has only grown bigger. Household demand for intermediate goods will never take the place of industrial demand.

3.8. It took the EU a long and difficult process to fix this problem in the 1980s and 1990s, and there is no quick solution for China either.

3.9. Hence, a combination of overcapacity and weak domestic demand is leading to an excess of production, which then tries to find its way into international markets.

3.10. The EESC points to data concerning Chinese exports.

3.10.1. According to the WTO, China is the largest exporter of manufactures around the world, with a share of 18 %. This share has increased by 20 % since 2010. During 2014 Chinese exports grew by 6 %, while the rest of the world increased by 3,5 %. If we analyse the period 2010-2014, the increase was 49 % in China, twice the figure for the rest of the world.

3.10.2. Data from China's National Bureau of Statistics show that the products with the strongest growth in 2014 were zinc and zinc alloys (+ 2 360 %), cotton (+ 100 %), coke (+ 82 %), diodes and other semiconductors (+ 61 %) and rolled steel (+ 50 %). Since 2010, exports of cotton, rolled steel and diodes and other semiconductors have doubled, while sales of coke, zinc and zinc alloys have tripled in volume.

3.10.3. This upward trend in exports is expected to continue in the next few years as forecasts indicate a contraction in Chinese domestic demand. If European TDIs are significantly weaker than those of our trading partners, current exports from China to NAFTA or Japan could be diverted to the EU.

3.10.4. This export-driven growth model has created a large deficit of EUR 137 bn (EUR 48,8 bn in 2000) on the EU's balance of trade in goods, with EU imports from China twice as high as its exports to China.

3.10.5. This is the context in which China has launched the One Belt One Road (OBOR) initiative to create a transport infrastructure (rail-motorway and maritime) in the Eurasian area. The aim is primarily to provide Chinese firms with access, on anti-competitive terms, to the Eurasian markets involved in the initiative and to use them as new markets for sectors with a production surplus. Granting market economy status would represent a substantial risk for European firms in the EU Member States involved in the OBOR initiative.

3.11. Facts about dumping practices

3.11.1. This sharp increase in Chinese exports has been partly achieved through unfair practices, as shown by numerous dumping cases brought under WTO rules.

3.11.2. China is the country most affected by anti-dumping measures. It was the subject of 34 % of trade investigations, with 667 measures imposed. In 2015 alone, 76 anti-dumping measures against China were in force or had been initiated.

3.11.3. 67 % of the anti-dumping measures adopted against China related to industries such as textiles and clothing articles, ceramics and glass, base metals, plastics, machinery and electrical equipment and petrochemicals. Last year, 79 % of the measures imposed on China targeted these sectors.

3.11.4. The EU is one of the most active participants in world trade, accounting for 15,8 % of the total, but only 133 anti-dumping measures have been adopted against the region. This is equivalent to 7 % of worldwide cases. China, by contrast, is the target of 47 % of these measures and in 2015 alone it was penalised in three cases.

4. Specific comments about job losses in Europe

4.1. *Directly affected sectors*

4.1.1. From a theoretical perspective, MES for China would have negative welfare effects on the EU. Trade liberalisation is of key importance to the EU. It has positive network effects, even though there are always sectors which are worse off as a result.

4.1.2. In this case, the EESC points out that this is not a negotiation process with barriers being dismantled on both sides. China would not give anything in return, while the EU would unilaterally reduce its ability to offset the distortion of competition caused by the unfair support given by Chinese central and local government.

4.1.3. The EESC has found that industrial jobs have already been transferred abroad. Between 2000-2014, European industries lost 6,7 million workers, 12 % of the initial figure of 56,3 million. Over the same period the import volume index increased by 144 %. Research in the USA, with a smaller industrial sector than the EU, shows that between 1999 and 2011 some 985 000 industrial jobs were lost due to increased Chinese import penetration ⁽⁴⁾.

4.1.4. Job losses occurred not only in basic industries but also in innovative industries. Cutting-edge mobile telephone industry has disappeared. In an industry vital for our future such as photovoltaic panels, 34 manufacturers filed for insolvency between 2010 and 2012, two quit the solar business, five shut down production totally or partially and three were taken over by Chinese investors ⁽⁵⁾.

4.1.5. Particularly at risk are sectors that are of strategic importance in China's 5-year plans: aluminium, bicycles, ceramics, glass, motor vehicle parts, paper and steel.

4.1.6. Impact assessments have been carried out by various institutions. The European Commission has commissioned a study but this has not been published, making it impossible for the EESC to analyse the Commission's position on this urgent issue.

4.1.7. The Economic Policy Institute estimates the damage at somewhere between 1,7 and 3,5 million EU jobs at risk. This estimate is based on an input-output model which takes into account direct losses (directly affected by an increase in imports), indirect losses (supplier and processing industries for those directly affected) and re-spending losses (derived from reduced household income and expenses). The main drawback of this study is that it considers the effects of every Chinese import, even those in sectors that are far from being affected.

4.1.8. If only industries with anti-dumping measures are considered, direct and indirect job losses would lie between 0,5 and 0,9 million. According to the report, the total direct employment generated by industries vulnerable to surges of dumped imports is 2,7 million.

4.1.9. The study does not calculate the re-spending effect in these sectors alone. It shows that jobs at risk in anti-dumping-related industries amount to 60 % of jobs in manufacturing industries. If this same proportion were applied to indirect and re-spending effects, job losses could lie between 1,1 and 2,1 million.

4.1.10. A second report reflects three studies commissioned by steel producers' associations from NAFTA regarding the probable economic effects on their countries of granting market economy status to China. The report concludes that, if all three NAFTA countries awarded market economy status to China, labour demand would decline by between \$15 billion and \$32 billion, most of which would occur in the USA. This translates into jobs declining by an estimated 0,4 to 0,6 million.

⁽⁴⁾ For balanced trade EU — China, Socialists and Democrats, March 2016.

⁽⁵⁾ Fair competition, EuProSun.

4.1.11. Both studies are based on macroeconomic general equilibrium models. However, if studies of this kind were run separately on economic areas such as the EU and NAFTA, the EESC believes that the unilateral granting of market economy status to China would almost certainly result in a direct loss of welfare to the tune of at least hundreds of thousands of job losses, and probably closer to one million people who would have to find a different way of making a living.

4.1.12. In order to assess the probability of these losses occurring, the EESC draws attention to several relevant consequences:

- The dumping of imports not only occurs in products currently subject to anti-dumping measures. Other measures are being studied, either by the EC or by producers. There is also a knock-on effect among products: once an anti-dumping measure is imposed, it is likely that the affected exporters will switch their export effort to non-covered products.
- The effect of low prices due to dumped imports on other products from the same sector.
- Manufacturing capabilities, once lost, will never return, as the whole ecosystem surrounding a given industry will also disappear.

4.1.13. Regarding geography, the EESC reiterates that the jobs likely to be lost are not evenly distributed geographically. The concentration of job losses in certain areas may cause critical situations in those locations, even though other regions in the Union might not suffer badly. The countries worst affected could lose up to 2,7 % of their workforce.

4.1.14. In many cases these jobs are in major industrial installations with a strong relationship with the economic and industrial fabric. Recently we have seen significant losses in sectors such as steel where several thousand jobs depend on one company and have produced a dramatic social impact on their communities.

4.1.15. The EESC also stresses the quality of industrial jobs: manufacturing jobs are more stable and better paid on average than jobs in other sectors of the economy. The EC pointed out in 2014 ⁽⁶⁾ that monthly earnings for manufacturing workers are 5 % higher than the general EU average. In the USA weekly wages in manufacturing are 8 % higher than in non-manufacturing jobs. These higher earnings are the result of higher productivity.

4.1.16. Industry offers quality jobs to skilled and semi-skilled workers, for whom it would very difficult to find an alternative job with the same labour conditions. As such, the declining role of industry contributes to inequalities in our society.

4.1.17. According to the Eurofound Working Conditions Survey, part-time work is considerably less prevalent in manufacturing (12 %) compared to the EU28 average (24 %). Working hours in manufacturing also tend to be more regular and atypical hours considerably less prevalent than in the EU economy as a whole ⁽⁷⁾.

4.1.18. The EESC would also like to avoid the risk of damage to the knowledge ecosystem: manufacturing is by far the sector with the biggest demand for R & D activities and there is a growing trend to source R & D from innovation-focused services companies ⁽⁸⁾. According to an ECSIP Consortium study, the average service content of manufactured goods produced in the EU reaches close to 40 % of the total value of final manufactured goods produced. The bulk of these services are distribution services (15 %), transport and communication (8 %) as well as business services which ranges from between less than 10 % to as high as 20 % and more across EU Member States. This latter category includes services such as R & D, advertising and market research, engineering activities and ICT services.

⁽⁶⁾ European Working Conditions Surveys.

⁽⁷⁾ ECSIP Consortium, 2014.

⁽⁸⁾ Directorate-General for External Policies, EP, 2016.

4.1.19. The EESC has already issued opinions on the relevance of promoting higher regulatory standards on intellectual property, due to the lack of compliance of certain countries. This should not be forgotten when designing the EU's trade policy.

4.2. *Sectors not directly affected by TDIs:*

4.2.1. An assessment of the impact of unilaterally granting MES to China needs to consider potential benefits in other sectors, particularly for consumers of products for which China has — or plans to have — strong manufacturing activity.

4.2.2. Many of the industries affected so far are manufacturers of intermediate goods, i.e. goods that are transformed and combined into final products.

4.2.3. Global industrial production has not yet returned to its pre-financial crisis levels. Thus, there is plenty of surplus industrial capacity and customers of Chinese products subject to anti-dumping measures would be able to source their supplies in third countries without a significant loss of competitiveness.

4.2.4. If China is allowed to grow its market share unfairly and establish an oligopolistic advantage, it will undoubtedly use this later on to raise prices again, causing consumer industries in the EU to suffer. China is already acting in this way in order to boost local industries. The European Parliament⁽⁹⁾ presents evidence of measures restricting trade in natural resources that may be in violation of WTO rules. In 2009, China introduced its Rare Earth Development Plan 2009-2015, imposing export quotas at 35 000 tonnes per annum. The following year, prices of Chinese rare earths tripled. Another example can be found in the electronics market, where China taxes the export of parts more heavily than finished products, in order to protect the local assembly of devices.

4.2.5. These examples show that Chinese policy promotes industries with higher added-value content. Without the ability to file anti-dumping cases, sectors such as equipment or automobile manufacturing would also end up being exposed to unfair competition. China also has a record of infringing intellectual property rights, therefore even patents would not prove to be of much use in maintaining innovative industries within the EU's borders.

4.2.6. In the long term, granting MES to China would also harm the entire industrial value chain because of the negative impact on innovation. There is a widely held belief in the EU that innovation is the only way for our societies to compete with purely cost-based competitors. However, innovation is no longer being developed in isolated laboratories. Instead, a KPMG survey found that 85 percent of respondents from the global metals industry believe that partnerships will form the future of innovation for their organisation. More than three quarters say they are already engaged in more collaborative business models with suppliers and customers. It is therefore impossible to imagine future innovative industries not belonging to knowledge networks.

4.3. *EU income*

4.3.1. In the long term and regardless of the evolution of individual sectors, wealth in the EU will only grow in a sustained way through the solid development of disposable income. Current policies by the Commission that favour jobs and investment recognise this fact and should be taken into account when taking decisions to address this issue.

Brussels, 14 July 2016.

The President
of the European Economic and Social Committee
Georges DASSIS

⁽⁹⁾ Directorate-General for External Policies, EP, Brussels 2015.

Opinion of the European Economic and Social Committee on 'Building a coalition of civil society and subnational authorities to deliver commitments of the Paris Agreement'

(own-initiative opinion)

(2016/C 389/03)

Rapporteur: Lutz RIBBE

Co-rapporteur: Isabel CAÑO AGUILAR

On 21 January 2016, 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:

Building a coalition of civil society and subnational authorities to deliver commitments of the Paris Agreement

(own-initiative opinion).

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 30 June 2016.

At its 518th plenary session on 13 and 14 July 2016 (meeting of 14 July 2016), the Committee adopted the following opinion by 183 votes with one abstention.

1. Conclusions and recommendations

1.1. The EESC welcomes the decisions of COP 21 in Paris and considers them to be an important milestone in effectively fighting against climate change.

1.2. However, there are two major problems. First, the emissions reduction targets submitted by the individual Member States (INDCs) do not correlate with the results achieved in Paris. Second, despite some limited progress, the importance of civil society has not been sufficiently taken into consideration.

1.3. Civil society actors currently face significant obstacles when they wish to initiate and implement measures to counteract climate change. This is mainly due to the fact that the political sector is unaware of how much potential civil society action has in terms of protecting the climate. There has hitherto been too little political interest in what climate strategies civil society actors are planning, what they need, and what support they require. Regulatory guidelines can sometimes even systematically prevent civil society climate action.

1.4. Thus civil society actors all too often find that there is no framework for action that would allow them to implement their plans for 'bottom-up climate action'. Another factor is that they cannot finance their projects, although in fact sufficient investment resources are most likely available.

1.5. As an immediate response to the decisions made in Paris, the EESC therefore proposes a coalition of politics, administration and civil society. The coalition's mission is to minimise obstacles standing in the way of civil society climate action by:

- promoting bottom-up climate action and breathing new life into the principle 'think global, act local',
- taking account of the broad spectrum of potential civil society climate strategies, while not losing sight of the variety and broad range of civil society actors,
- developing a form of multi-level governance that facilitates civil society climate action rather than hindering it.

1.6. The coalition must take action at various political levels. Essentially, the aim is to implement the following five tasks:

- (1) developing an understanding of the climate strategies civil society actors want to, can, could/should and are permitted to carry out — especially at local and regional level;
- (2) identifying and overcoming structural obstacles;
- (3) disseminating success stories across Europe;
- (4) specifying conditions and factors for success, primarily at national level;
- (5) developing a policy framework to allow civil society climate action to be successfully implemented at all levels.

1.7. A structured but open dialogue within the coalition is needed if these five tasks are to be implemented; in this sense, the coalition should constitute a discussion forum. It is therefore important that participants reflect civil society's diversity, and develop a culture of openness, creativity and cooperation. The discussion forum should ensure that the policy framework to be developed really does support civil society climate action.

1.8. The coalition needs administrative support if it is to fulfil its tasks, so that it can

- involve as many civil society actors as possible,
- systematically research and analyse the success or failure of planned and already-implemented civil society climate action, using this as a basis to lay out example courses of action for different categories of actor, and
- design and implement Europe-wide communication of these examples.

1.9. The coalition of politics and civil society should attain another goal supported by the EESC: the need for fair change in the world of work to favour sustainability, with the structural participation of trade unions and employees' associations.

2. Background to the opinion

2.1. The results of COP 21 in Paris are an important milestone in terms of climate negotiations, as this agreement is the first to be legally binding under international law, containing a commitment from every single party to actively address climate change, which is recognised as a threat.

2.2. The international community has jointly pledged to limit global warming to below 2 degrees Celsius, and to 1,5 degrees insofar as possible.

2.3. The agreement contains an additional important and specific objective: to achieve global greenhouse gas emissions neutrality in the second half of the century.

2.4. The EESC has welcomed these results ⁽¹⁾, but also sees two major problems:

2.4.1. First, the intended nationally determined contributions (INDCs) submitted by Member States do not correlate with the results of COP 21: implementing them would not limit global warming to 2 degrees Celsius, but would allow it to reach 2,5 or possibly even over 3 degrees Celsius.

2.4.2. Second, the importance of civil society has not been sufficiently considered. While some progress has been made in terms of transparency and cooperation, civil society's real role in climate policy has not yet been fully recognised: the results of the Paris conference will be implemented and brought to life by civil society, not the COP negotiators.

⁽¹⁾ <http://webapi.eesc.europa.eu/documentsanonymous/eesc-2015-06625-01-00-pv-tra-en.docx>

2.5. There is no strategy (nor the appearance of a strategy) to make use of civil society as a strategic partner in implementing the COP decisions. The same is true at European Union level. EU climate policy must therefore acquire a second pillar, alongside 'climate diplomacy', to focus on understanding and enhancing civil society's importance and role, and on making it easier for the wide variety of civil society actors to design and implement strategies to protect the climate in their particular sphere.

'Bottom-up measures' for successful climate action

2.6. Climate policy cannot and must not merely be imposed 'from above' — it will only be successful if it is based on broad support and active participation by a majority of businesses, local and regional authorities, and citizens. Its implementation must therefore primarily be 'bottom up', or else it will fail.

2.7. Indeed, substantial achievements in sustainability and climate policy have been achieved in the past because civil society representatives — a category that should explicitly include 'ordinary' people in their role as citizens — did not content themselves with merely reacting to political guidelines or seeing themselves as 'means of implementation'. Rather, it was precisely these people who took action and functioned as pioneers of change, leading to significant progress and exerting political pressure, using the means available to them. This is true in terms of technology and the economy, but primarily in terms of society (society's acceptance of these technologies, and most of all bringing change into the mainstream — social learning and 'learning from the community').

2.8. For instance, while previous energy production and policy (partially responsible for climate change) was mostly oriented towards finite sources of energy and large, centralised structures with few players — with civil society generally featuring as a mere 'consumer' — climate-friendly action will be much more decentralised in the future and will require everyone to get involved. There is no doubt that there is willingness to do so, and this must be systematically used and fostered.

2.9. The civil society action that can already be seen today has enormous latent innovation potential, stemming from the reflection, influence and action of cities and municipalities, local authorities, large companies, and trade unions, as well as private individuals (individuals, farmers, cooperatives, SMEs, etc.).

2.10. Currently, this action is very frequently not connected to organisations and is linked to very specific projects. It is precisely these features that generate its particular societal dynamics. Meanwhile, this also means that, if such initiatives fail, those involved have to assume the entire cost of failure themselves. And the risks are not just financial. For as well as money, civil society action requires motivation, commitment, and time. It must therefore be worthwhile (and not just in a financial sense), and the risk of failure must be surmountable. In this context, European and national policies should provide a framework for civil society action that is very open and as broad as possible.

Obstacles stand in the way of civil society's willingness to act, and they must be surmounted:

2.11. While there are already many success stories in the European Union that testify to the importance and effectiveness of civil society involvement in climate action, these examples are not systematically recorded and evaluated. There are no discussions about the political lessons that can be learned from these numerous and diverse initiatives, what hurdles need to be surmounted to make them even more successful and widespread, or the reasons why they fail.

2.12. Moreover, there are no adequate incentive schemes to enable capital employed to be refinanced. There are also no mechanisms that send the desired message to non-state actors, aside from large industrial firms. Instead of this, the trend that is currently seen in Europe is actually the opposite: incorrect political guidelines often make it yet more difficult or even impossible to implement appropriate initiatives. In many cases, therefore, there is no (!) framework for action for civil society actors to develop climate concepts, let alone implement them; they are unable to put their ideas into practice. Sometimes the legal/administrative framework is simply not right; sometimes they cannot finance their projects; in yet

other cases, the fact that the external costs of fossil fuels are still not able to be fully internalised ⁽²⁾, meaning that carbon — despite statements to the contrary — has no ‘correct’ price, turns out to be an insurmountable obstacle.

2.13. All too often, discussion revolves around the ‘losers’ of an ambitious climate policy; just as often, the impression is given that climate action primarily means doing without certain things. Of course, the problems that transforming into a largely carbon-free economy entails must be adequately addressed and taken into account. However, the positive aspects must also be emphasised at least as much in order to create an optimistic mood in society. The technological and economic progress of recent years (such as energy generation from renewable sources, energy storage, and especially digital applications that have enabled significant progress in terms of efficient and smart use of resources), at the latest, justify such a mood.

2.14. Europe’s current technological and economic situation means that sustainability and climate action can benefit everybody. The European Energy Union builds on this exact notion. A precondition for such initiatives is that policies must support them, or at least make them possible, rather than trying to prevent them — for example, because they call existing structures into question. In principle, it should be easy to make use of the potential for climate-related change and progress; however, it is far from being fully harnessed.

3. Urgent need for a coalition of politics, administration and civil society

3.1. We need a new multi-level government approach. The EESC suggests the creation of an ambitious coalition of civil society actors, local and regional authorities, and the responsible political and administrative structures at national and European level.

3.2. The coalition should:

- coordinate approaches at the various political levels of the European Union in order to stimulate non-state climate action,
- demonstrate the potential and impact of these measures, and
- provide a forum for structured dialogue between civil society and decision-makers at EU and national level, where civil society actors can put forward their ideas and the problems they encounter when trying to implement them, make recommendations to politicians as to how to proceed, and receive qualified answers to the issues and problems they have raised.

3.3. Thus the coalition, as an embodiment of multi-level governance, can help to successfully accomplish the task of protecting the climate, a task that concerns all of society.

Climate change means changes in people’s everyday lives

3.4. The COP objectives are clear and the European Council has put forward a wide-ranging vision for a low-carbon, resource-efficient Europe. According to this vision, 80 % to 95 % less greenhouse gas should be emitted in 2050 than is today. This will have a tremendous impact on the realities of life for every single European citizen and every single business and its workforce.

3.5. In its exploratory opinion on sustainable development ⁽³⁾, the EESC has already described how important it is to take precisely these issues — the impact on everyday life of impending fundamental changes in policy — very seriously.

3.6. The risk that sustainable development is seen as a threat and not as an opportunity for the future can be headed off by spreading a simple message: while climate action means change, every member of society has the opportunity, either alone or in cooperation with others, to actively shape that change — and in such a way that not only benefits the climate, but also improves living conditions on the ground.

⁽²⁾ See IMF Working Paper: ‘How Large are Global Energy Subsidies?’ (WP/15/105).

⁽³⁾ OJ C 128, 18.5.2010, p. 18.

3.7. This message must both go out to those who will be directly affected by 'negative' changes that are sure to happen (e.g. the entire fossil fuels sector) and appeal to and stimulate the positive potential offered by those members of society who are ready to act and can serve as role models for others.

Recognising, accepting and using the wide range of actors

3.8. Our civil society is extremely varied. This is noticeable in terms of climate action: one actor might find it easy to do something that another actor would have great difficulty in accomplishing. This variety must be taken seriously; this diversity must be understood as an opportunity and used as such.

3.9. In essence, 'climate protection' must be made tangible. There is also a lack of knowledge in this regard. Although many case studies have been drawn up, there is no systematic framework, such as one that distinguishes between categories of actors. This framework would seem necessary because individuals' different resources imply completely different courses of action. For example:

- in the field of renewable energy, home-owners, tenants' associations or businesspeople who generate their own electricity,
- entrepreneurs, start-up companies and SMEs that can make significant contributions to a low-carbon society, developing and using new technology, digitalisation, etc. and creating new business models (for instance built on 'sharing economy'), high-quality products, services and jobs,
- trade unions that — together with their members — develop and implement climate projects for workers,
- 'transition town' initiatives to develop carbon sinks (greening) in their neighbourhoods.

3.10. This list of examples demonstrates that civil society actors' resources vary widely but that the logic behind their action is always similar. They will only commit their own material and financial resources, and their time, when they think they have a realistic chance of achieving immediate resonance. Conversely, this means that in circumstances where no positive impact can be attained, there is a risk of inactivity or even resistance (e.g. to new investment projects).

3.11. The examples also show that the range of strategies that have been designed and implemented principally by non-state actors right across Europe is as wide and diverse as civil society itself.

Learning to view bottom-up climate action as an open process, and guaranteeing social security

3.12. It would be utterly wrong for politicians to give civil society actors a role conceived of purely in political terms, as part of a top-down approach.

3.13. Particular consideration should be given to preserving social security in the face of the impending transition. While 'bottom-up climate action' means that individuals' private initiatives become more important and provide significant economic impetus, this should not come at the expense of social security.

3.14. It is therefore important that those engaged in 'bottom-up' climate action remain part of the welfare system. In some cases this will mean redefining how the welfare system is constructed and who makes what contribution to it, simply because burning and exploiting fossil raw materials used to be major pillars of the welfare state. Moving away from this model and transitioning to a largely carbon-free economy must not proceed at the expense of the socio-political standards and prosperity that have been attained in the European Union. The coalition of politics, administration and civil society must give particular consideration to this. Moreover, this should be used as the basis for developing completely new strategies.

To take one example:

3.15. Decentralised production of energy from renewable resources is now so cheap that, in combination with energy efficiency measures, it could even provide a solution to the problem of (social) energy poverty. That said, such initiatives must be supported by policies that establish a good legal framework and provide access to investment capital.

The coalition of politics, administration and civil society must breathe new life into the principle ‘think global, act local’.

3.16. Civil society involvement in climate action is mostly local or regional. Meanwhile, the COP negotiations and many political discussions take place at global level. However, nowhere is the principle ‘think global, act local’ more applicable than in the fight against climate change. The impact of civil society measures must not disappear in a global context; they must be felt, experienced and perceived first-hand, i.e. where the measures are carried out.

3.17. This means reconsidering, or further reflecting on, European policies: for example, the Kyoto Protocol’s JI/CDM framework is of little use to local initiatives. This is a fundamental problem, because civil society actors tend to take action at local and regional level, while the framework for such action is primarily decided at national and European level. The EESC is concerned to note that there is a gap between these levels.

3.18. Active climate action carried out by civil society as the second key pillar of European climate policy must have a tangible impact on the ground; otherwise, civil society actors will not take any action at all.

3.19. Regions, cities and municipalities play an important role. The EESC very much admires the varied initiatives that have already arisen to coordinate these activities. Examples include the World Summit on Climate and Territories, the Covenant of Mayors, the ICLEI network, etc. In many cases, these initiatives have since started to additionally benefit from various forms of state support.

3.20. Regional development and climate-friendly energy policy could complement each other if decentralised energy production were to take place via local or regional structures, meaning that value creation from using wind, solar and biomass energy would happen locally. It therefore makes sense to increase the range of actors, but this potential strategic link has not yet been sufficiently explored in any official EU document.

3.21. This is a good example of how the EU does not make comprehensive enough use of civil society’s potential. Even the Covenant of Mayors is primarily considered as being a source of support for implementing the objectives set by the EU. Meanwhile, the Covenant’s role in terms of stimulating new policy initiatives is not sufficiently recognised or systematically used.

4. The five tasks of a coalition of politics, administration and civil society

4.1. The coalition will be concerned with the following five tasks:

4.1.1. First of all, we need to better understand what climate action civil society actors in various roles are planning and want to carry out.

4.1.2. Second, structural problems and hurdles that constitute obstacles to successful implementation should be identified and removed. This then gives rise to the political task of removing the bureaucratic hurdles and complex procedures that cause civil society actors not to act, or make action significantly more difficult. The Commission took a first step in this direction by publishing its communication on ‘Delivering a New Deal for Energy Consumers’⁽⁴⁾. However, this is far from sufficient: for instance, the notion of a ‘prosumer’ is interpreted far too narrowly⁽⁵⁾.

⁽⁴⁾ COM(2015) 339 final.

⁽⁵⁾ OJ C 82, 3.3.2016, p. 22.

4.1.3. Third, 'success stories' should be publicised even more.

4.1.4. Fourth, the key conditions and factors for success should be specified.

4.1.5. Fifth, a policy framework should be developed that puts in place the required conditions for action, enabling civil society actors to design and implement strategies to combat climate change. Conveying the framework for action can be described as the task of multi-level government, as the implementation of the framework for action requires mutual understanding among political decision-makers at European, national and sub-national level, as well as coordinated action between them.

4.2. Fulfilling the tasks will require additional administrative support, to allow the following activities to constitute the basis for discussions in the coalition of politics, administration and civil society:

- broad-based identification of civil society actors who might participate in 'bottom-up' climate action,
- systematic research on examples of previously implemented civil society climate action, primarily at regional or local level, on the basis of which the discussion forum can define examples tailored to each category of actor,
- development and implementation of a Europe-wide — and subsequently worldwide — communication strategy in relation to the example courses of action, tailored to each category of actor,
- analysis of the example courses of action identified at the discussion forum with regard to the key conditions and factors for success, using the appropriate scientific methods and processing of the results of the analysis,
- support of civil society stakeholders with fewer resources to enable them to participate actively in the coalition.

4.3. The role of politics and administrations — if needs be, in cooperation with the EESC — will be to coordinate the coalition and to tackle the obstacles that have been raised and, as much as possible, eliminate them, or at least give clear answers as to why it is thought that certain initiatives should not be implemented.

The necessary framework for action — impact on the financing of civil society climate action and the development of new economic models.

4.4. Access to capital and other investment funds will only be extended to civil society actors if a framework for action exists that acknowledges the variety of roles played by civil society actors, recognises their different levels of resources, takes factors for success into consideration and creates positive conditions. This continues to be a relevant and practical problem that is not given sufficient political consideration. For the financial implications of the Paris Agreement are huge and far surpass the Green Climate Fund, amounting to USD 100 billion per year.

4.5. In particular, small, local banks and other lenders only grant loans to civil society climate initiatives if refinancing is relatively certain. The political framework must satisfy this condition, too (low-risk refinancing of civil society actors' climate investments).

4.6. The framework for action must create long-term planning and investment security. Nothing is more detrimental to the necessary level of involvement than the uncertainty created by constant changes of political direction.

4.7. Alternative investment opportunities are needed for projects that have local impact; civil society actors are able to assess the potential and risks of these projects first hand and manage them, such as by being a member of a cooperative. If the general public sees that investments are actually reaching them and are not getting lost in the tangled web of financial institutions and major investors, this may also improve people's shaken confidence in financial institutions.

4.8. If a stable and robust framework for action is in place, a different form of growth in modified economic structures is possible. Social capital will most likely become as important to this new 'growth' as financial capital. The alienation of labour will be somewhat transcended by the development of concepts of 'prosumption', and the division of labour will be more strongly organised along the lines of community structures. This opens up huge potential for social innovation, which is indispensable for an ambitious climate policy. New roles are arising, which are still imprecisely described with terms such as 'prosumers', 'platforms' and 'aggregators'. 'Prosumption', in particular, offers a glimpse of an essential ingredient of success in terms of attaining a sustainable lifestyle and sustainable economic activity.

4.9. This new economic model is not utopian — it can already be seen today in numerous, mainly locally organised, climate initiatives, and is therefore scalable. Scaling, imitation and expansion are absolutely vital, and not just because of the ambitious climate targets; rather, they are a prerequisite for reducing transition costs and averting a conflict between the objectives of climate policy and social policy.

4.10. The EESC stresses that the Paris Agreement clearly states the need for working conditions to be transformed in a fair way, as was already noted at the Lima Climate Conference. High-quality jobs must be created as part of the new economic model. This can be achieved by means of robust social dialogue, as well as via collective bargaining with the participation of employers, in conjunction with substantive measures and activities such as continuing education for employees to allow them to gain the new qualifications that are necessary for the energy and ecological transition, and also in conjunction with measures to strengthen social security systems. A positive framework for action is necessary in this regard, too. Only then can civil society actors compensate for losses in employment and competitiveness in some sectors — inevitable during a transformation — and enable social, sustainable and inclusive economic growth.

Brussels, 14 July 2016.

The President
of the European Economic and Social Committee
Georges DASSIS

Opinion of the European Economic and Social Committee on The digital pillar of growth: e-seniors, a potential 25 % of the European population

(own-initiative opinion)

(2016/C 389/04)

Rapporteur: Laure BATUT

On 21 January 2016 the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on:

The digital pillar of growth: e-seniors, a potential 25 % of the European population.

(own-initiative opinion)

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 21 June 2016.

At its 518th plenary session, held on 13 and 14 July 2016 (meeting of 13 July 2016), the European Economic and Social Committee adopted the following opinion by 189 votes, with 1 abstention.

1. Recommendations

With a view to harnessing the economic power of the EU's older citizens, who make up 25 % of its population, the EESC believes that in growth terms it does not make sense to consider them as a population category outside the mainstream of life, but that both their abilities and their expectations should be recognised and they should be included as economic and social players of the digital age. The EESC recommends that as soon as possible:

1. the approach to the 'silver economy' be changed in view of the fact that digitalisation bridges the age divide and that older people are active agents in the value chain and in their own lives;
2. the meeting of the EU Ministers for Employment, Social Policy, Health and Consumer Affairs in June 2016, and the European summit on older people in December 2016, promote the digital inclusion of older people to address the two transitions: digital and demographic;
3. a global system of governance be developed bringing older people into the digital world and developing efficient public services that are resourced at every level, including local level, and exempted from the requirements of the European semester;
4. a horizontal EU clause be framed on 'equality for older people', with the government ministries responsible for equality in the Member States encouraged to implement it;
5. the EESC and associations representing older people be invited to take part in the discussions of the stakeholder group on the sharing economy sector recommended by the European Parliament;
6. older people's access to digital technology and the accessibility of that technology based on acquisition of knowledge and skills be facilitated, and their education and lifelong learning, adaptation of equipment and software, and mentoring be developed without delay so as to ensure their successful inclusion;
7. indicators be devised to measure the economic impact of older people, their quality of life and the benefits provided by innovation;
8. older people's access be facilitated to an EU programme for exchanging good practice, which could be a platform called for instance 'Seneca: Erasmus Senior Programme';
9. trust be developed and the public made aware of EU rules on digital technology by publishing them in the form of a code and a multilingual digital one-stop shop;
10. internet access be recognised in all the Member States as a right to a universal service based on the criterion of affordability, and — in the event of price barriers — setting of regulated tariffs be encouraged, or even unrestricted and free access provided in designated places for disadvantaged older people;

11. public-private partnerships (PPPs) be promoted whose profits are in the form of human capital, with IT giants providing free courses for older people as part of their corporate social responsibility (CSR) policy; the courses would take place in all EU primary schools outside of school hours;
12. obstacles to older people being granted bank loans be removed;
13. promote a form of 'community service' as a way of addressing digital illiteracy.

2. General comments

2.1. The European Union faces a challenge never before faced by any human society, namely the coincidence of longevity and widespread digitalisation, which together call for sound economic as well as social strategies.

2.2. By 2060, as shown by the projections (*The 2015 Ageing Report*, European Commission), there will be two older people for every young person, and the number of very elderly people will exceed the number of children under five: based on median age (Eurostat), the first countries affected will be Sweden, Germany, Poland, Romania and Slovakia, followed a few years later by Belgium, Denmark, Ireland, and subsequently by all the other Member States.

2.3. Older people and older workers are seen both as a threat for social protection systems and as an opportunity for the goods and services sector. In 2011 the Union took action to help the adult population⁽¹⁾, introducing five strategic guidelines with the aim of creating a 'job-rich' economy and improving the quality and effectiveness of education and training opportunities for adults.

2.4. The Committee notes that older people were not directly concerned by these initiatives.

What is a 'senior'?

2.5. The baby-boomers (a term denoting the large numbers of people born just after the Second World War) are the first generation to have lived without war on their common territory and, together with their parents, they have been the most 'pro-European' people in history. They are now described as 'seniors'. In its background paper 'Growing the European Silver Economy' of February 2015, the European Commission talks of readiness to meet the 'needs of the population over 50'. This population group is sometimes divided into three subgroups: the active, the fragile and the dependant. The EESC also adopts this definition, giving substance to its recommendation that a different approach be adopted towards 'seniors' so as to treat them as agents of growth.

2.6. Demographic ageing means the increase in the proportion of older people in a population resulting from a decrease in fertility and mortality. The Japanese (*Étude comparative du marché des seniors français et japonais — Opportunités croisées*, David Barboni, in *Eurasiam*, 'Management No 001' series, 2007) are ahead of us in terms of an ageing society. They have created a dynamic consumer culture specific to 'seniors' in the spheres of well-being, health, finance, insurance, distribution and tourism. Information and communication technologies (ICTs) have become integral to market goods that are intended to improve quality of life, designed for an older 'consumer' of targeted products rather than an older 'stakeholder' in the digital society, which suits the short-term profit motive of producers. This is an important development, but the approach is oversimplistic.

2.7. In the EU, baby-boomers have not become merely older consumers of goods: huge numbers of both men and women have, for the first time in the continent's history, been students, and after that 'active' and 'productive'. Many of these people can now choose to remain active, either in the productive economy or in the social and solidarity economy.

2.8. Their take-up of ICTs is sometimes perceived as slow and difficult, whereas they have often been the first to adopt them and have even produced innovations (*The Seven Myths of Population Aging*, Julika Erfurt et al., Accenture, February 2012). In 2010 over 16 % of business start-ups in France were by people over the age of fifty, and nearly half of those start-ups were self-financed. These over-50s were older workers, job-seekers, entrepreneurs who were still active, and even retired people (see the article by Yann Le Galès in *Le Figaro*, 27 April 2012).

⁽¹⁾ OJ C 372, 20.12.2011, Council Resolution on *A renewed European agenda for adult learning*.

A change of approach

2.9. It has only been since the 2002 UN Declaration and International Action Plan on Ageing and the 2012 Council Declaration on the European Year for Active Ageing and Solidarity between Generations that we have been talking about the 'silver economy' in the EU. Moreover, the Commission believes that every effort should be made to support 'ageing well', with the help of ICTs in particular, thus enabling the European Union to play a key role: 'The Silver Economy covers new market opportunities arising from public and consumer expenditure related to the rights, needs and demands of the (growing) population over 50' (see the European Commission's silver economy web page).

2.10. The EESC believes that issues of well-being, independence, dependence, and the market must be addressed. That said, Europe has almost 125 million older citizens who are **active agents** of their own lives, of the economy and of growth. Information technologies must be just as much a part of these people's lives as they are of the 'active' population's.

2.11. This is why the Committee wishes to emphasise the need to adopt an approach to age that **dovetails** with other stages of life, without rigid boundaries, so that every healthy senior maintains their digital skills and experience without being disconnected from all the other people in the value chain. A dynamic and inclusive approach must be adopted towards older people: they should not be treated just as being in the final stage of life and digitalisation should not be limited to 'technical/medical aid'.

2.12. This should not have any implications for pension rights (Articles 25 and 34 of the EU Charter of Fundamental Rights, and Articles 153 and 156 TFEU), or for pension systems, which are different in each Member State.

2.13. A holistic and inclusive approach could give all 'older' Europeans the assurance that digital innovation is relevant to them. From the Committee's perspective, it is by accepting responsibility at every level that the Union could play the key role to which it aspires in the realm of the 'silver economy'.

3. Specific comments

3.1. All European over-50s must become e-seniors as soon as possible

ICTs and familiarity with them are imperative. This calls for political will and for resources. **All the institutions** have embraced the digital transition, and the **EESC** would like the more than 125 million Europeans over the age of fifty to be part of this.

3.1.1. The now ageing baby-boomers have a tool to help them: the revolution in new technologies. There is a pressing need to look beyond the market and to ensure that nobody is left on the sidelines of IT practice and knowledge, since connectivity is all-pervasive. The EU must tread the line between the need for interoperability in Europe and the requirement to provide protection in the Member States in very fragmented contexts, but the Commission communications published in April 2016 (COM(2016) 176, 178 and 179 final) concern only the technical issues and do not mention the social dimension. The Commission's communication of June 2016 on 'A New Skills Agenda for Europe' (COM(2016) 381/2) and its proposal for a Council Recommendation on establishing a Skills Guarantee (COM(2016) 382/2) both focus on employability and productivity. They make no mention of older people, and little of digital technology. The Committee hopes that the EU ministerial meeting in June and the summit in December 2016, at which the issue of older people is to be discussed, will be able to promote their digital inclusion and an improvement in their living and working conditions. This is necessary in order to respond to the two transitions: digital and demographic.

3.1.2. To facilitate cohesion, and to ensure accessibility and raise awareness among older people, and all population categories, the Committee recommends that all relevant EU texts that have already been adopted in connection with digitalisation be published in the form of a code, and that the possibility be considered of creating a multilingual digital one-stop shop.

3.2. Being a senior in the digital society⁽²⁾

3.2.1. Digitalisation enables people to learn and be proactive, especially when they are older and their mobility is reduced. It helps to avoid 'segregation' and facilitates knowledge transfer. It can lead to a reversal in the tutor-pupil relationship between the generations and eliminate the age divide.

⁽²⁾ OJ C 11, 15.1.2013, p. 16.

3.3. *One way of absorbing the shock of baby-boomer ageing is to consciously focus on digitalisation*

3.3.1. **The Committee** has published a large number of opinions on the technical, economic and social aspects of digital development: infrastructure, rights, costs, telemedicine, online health ('e-health'), active ageing, cybercrime, smart cities/mobility/islands, internet neutrality, etc.

3.3.2. **The Commission** should include every generation, avoiding geographical divides, and should have a long time horizon (to 2060)⁽³⁾, since the ageing curve is set to steepen in all the Member States.

3.3.3. In its communications of 19 April 2016⁽⁴⁾, the Commission indicates that it will be looking at ICT standardisation, 'a crucial element of the Digital Single Market', the digitisation of industry and cloud computing.

3.3.4. **The Dutch and Slovak presidencies** asked the Committee to draw up an exploratory opinion on the social impact of technological development. That opinion, entitled *The changing nature of employment relationships and its impact on maintaining a living wage and the impact of technological developments on the social security system and labour law*, was adopted on 26 May 2016.

3.3.5. In its resolution of 19 January 2016 on *Towards a Digital Single Market Act* (point (80)), **the European Parliament** encourages the Commission 'to set up a stakeholder group in charge of promoting best practices in the sharing economy sector', which the EESC also refers to as the collaborative economy, whose existence is highly dependent on digitalisation. Representing civil society is typically an activity that older people can engage in. The EESC would like to be a part of this initiative.

3.4. *Are the associated risks greater for e-seniors?*

3.4.1. With the advent of big data, cloud computing, the internet of things, 3D printing, and other new technologies that have appeared with the very rapid expansion of the internet into modern life, certain crippling fears are still very widespread. Older people are more susceptible to these than younger 'digital natives'. They get stuck because they are afraid that:

- a technology will be complicated to use;
- it will intrude into their private life;
- they may be a victim of fraud when they make online payments;
- a technology is dangerous.

3.4.2. The Committee agrees with the European Parliament that 'the trust of citizens and businesses in the digital environment is vital to fully unlocking innovation and growth in the digital economy'.

3.4.3. The crisis situation and state of emergency measures are reinforcing the sense of imperilled freedoms and hypersurveillance, as well as fears about the risks posed by cybercrime.

3.4.4. People are not familiar with the protection provisions that exist in the Member States and at European Union level. Raising awareness among this population group without scaring it, when school is no longer the mediator, informing and training them, would allow progress to be made by reducing the information asymmetries between the major operators, which are almost always from other countries, and the citizens who are using the digital tools.

3.5. *Action by the EU, national governments, businesses and services*

3.5.1. *At European Union level*

Digitalisation should reduce the social cost of ageing. Some 58 million EU citizens aged between 16 and 74 years have never used the internet (*Bridging the digital divide in the EU*, European Parliament briefing). According to a 2014 estimate from one charitable organisation (Secours Catholique, cited in *Le Monde*, 6 November 2014), the percentage of people aged 50-59 receiving assistance in France increased from 13 % to 17 % between 2000 and 2013. This reflects the increase in unemployment among older people and the increase in precarious employment among older workers, underscoring the urgent need for action, since this situation is holding back the digitalisation that should be driving economic growth.

⁽³⁾ http://ec.europa.eu/eurostat/statistics-explained/index.php/Population_structure_and_ageing

⁽⁴⁾ COM(2016) 176 final.

3.5.1.1. The principle of equality (Article 20 of the Charter) cannot be reduced to 'care'.

The EESC would recommend that the EU frame a horizontal 'equality for older people' clause and encourage the ministries responsible for equality in the Member States to implement it. It costs to be connected. The EESC believes that in view of the risks hanging over pensions older people in all the Member States should enjoy unrestricted and free internet access in designated spaces and that regulated tariffs should be considered in the event of price barriers.

3.5.1.2. Global governance

3.5.1.2.1. Under a holistic approach, a new type of governance could establish proactive solidarity between the generations and sustainability in the social sector.

- The EESC believes that civil society representatives, including potential beneficiaries of innovations to maintain health and independence, should therefore be included in dialogue arrangements.
- The EESC recommends that older people join forces at every level to ensure that their voice is heard.
- The Committee agrees about the need for 'active participation of citizens', who should 'benefit from the digital shift', and also asks the Commission 'to continue to assess how the digital revolution shapes European society'. The EESC believes that this assessment should take account of developments affecting older people.

3.5.1.3. Financing

Major changes have already been set in train ⁽⁵⁾ across industry and services.

3.5.1.3.1. Specific funding (research, broadband, information), as well as financing from the Structural Funds and special programmes, has been earmarked for developing digital technology. However, no figure has been put on the investment needed to maintain the EU's leading position, whereas the needs of Europe's population — from primary school children to older people, including lifelong learning — should be costed. It is important to ensure that the funding made available is not subject to the dictates of budget austerity. Finally, there is an urgent need to remove obstacles limiting older people's access to private financing (bank loans) ⁽⁶⁾.

3.5.1.3.2. The Commission is proposing public-private partnerships (PPPs). The Committee is dubious about this approach because there is always a risk that the private sector will become involved only if it sees a likely profit, while interest costs would increase government debt and ultimately part of the public domain would have been privatised.

3.6. *Role of national and regional authorities*

3.6.1. *A genuine digital public policy for older people*

The EESC has already suggested that internet access should be regarded as a right to a universal service, stressing the affordability aspect, so as to combat social and geographical inequalities. One approach would be to provide public spaces where people have free internet access.

Public services must obviously address the issues faced by older people: transport, health, the postal service, services of general interest (SGIs), services of general economic interest (SGEIs), social services of general interest (SSGIs), social services of general economic interest (SSGEIs), etc.

3.6.2. National and regional authorities must ensure that older people get into new habits as regards protection and security of digital data. It is especially important to make social inclusion inseparable from digital inclusion as people become less independent. Local government facilitates this because it is close to local concerns. The EESC advocates a form of 'community service' as a way of addressing digital illiteracy.

3.6.3. *Launching national awareness-raising campaigns*

3.6.4. **Inclusion of older people:** it should be the responsibility of the Member States to inform their citizens about all the digital training possibilities they offer older people. Awareness-raising campaigns in the media could serve this end.

⁽⁵⁾ See OJ C 13, 15.1.2016, p. 161.

⁽⁶⁾ Directive 2013/36/EU (OJ L 176, 27.6.2013, p. 338).

3.6.4.1. Through skills and training

3.6.4.2. Older people need to acquire or maintain digital skills. Although NGOs are very active, this is not enough: Older people need to see their qualifications recognised and to engage in lifelong learning. For example, Slovakia has 18 universities of the third age and a large number of 'academies' for older people with few educational qualifications.

3.6.4.3. **Through digital literacy and apprenticeships:** the Committee reiterates its call for media and internet education ⁽⁷⁾ to be promoted for all EU citizens, especially vulnerable people, and commends the introduction of a 'grand coalition for digital jobs' at European level. It notes that training involves many different players.

3.6.4.4. The EESC believes that the Commission would gain from working with the Member States and with universities to ascertain the skills needs of older people and identify ways of meeting them, e.g. by creating formal links with universities to facilitate older people's access to massive open online courses (MOOCs).

3.6.5. *Through accessibility and participation of all senior citizens.*

3.6.5.1. The EESC agrees with Parliament ⁽⁸⁾ on the need to 'overcome gender stereotypes', recognising 'the significant potential of female innovators and entrepreneurs and the role they can play in digital transformation', and would also like to see 'their integration and participation in information society'. The Committee is aware that older women have often suffered fragmented careers and that they are more likely than men to be living in poverty after they retire. This should be taken into account in measures intended to include women in the digital world of senior citizens.

3.6.5.2. The EESC also recognises 'the potential of the Digital Single Market to ensure accessibility and participation for all citizens, including people with special needs, elderly people, minorities and other citizens belonging to vulnerable groups, regarding all aspects of the digital economy' ⁽⁹⁾, but it would prefer 'elderly people' to still be economic players and not be stigmatised and put in the same bracket as 'people with special needs'.

3.6.5.3. The EESC has stated its support for the proposed Directive on accessibility ⁽¹⁰⁾, while lamenting the tardiness in drawing up the directive and also the failure to ratify the Marrakesh Treaty. In relation to digitalisation, the Committee understands accessibility to concern both hardware and software: it would like to see easier access for older people and better adapted and multilingual software, and digital public spaces that create interpersonal contacts. Social contacts are vital for vulnerable people.

3.6.6. The EESC recommends adding a 'senior' strand to the EU Erasmus+ programme. This could be a platform for exchanging good practice, called for instance 'Seneca: Erasmus Senior Programme'.

3.6.7. **Encouraging creativity and innovation at every age** through digitalisation, older people being best at identifying their own needs and guiding organisations and individuals offering support.

3.7. **Businesses: activity and employment**

— The EESC recommends setting up a PPP whose profits are in the form of human capital, with IT giants providing free courses, as part of their own CSR policies, mentoring older workers who are retiring and providing courses for all older people, in every state school in the Member States outside of school hours.

— People lack digital skills in the EU (900 000 jobs not filled) ⁽¹¹⁾. Re-skilling of older workers could help to improve this situation, which must be assessed in the light of global competition. Encouraging digital entrepreneurship, training and business start-ups, and developing every person's skills and well-being, will require sustained public investment.

— In a situation of mass unemployment, the economy 4.0 allows older people to establish networks and create new businesses, as well as long-term, local employment with high added value, such as jobs in the caring and health professions, jobs that help people remain independent and jobs relating to prevention ⁽¹²⁾.

⁽⁷⁾ OJ C 451, 16.12.2014, p. 25.

⁽⁸⁾ European Parliament, *op. cit.*, point 113.

⁽⁹⁾ European Parliament, *op. cit.*, point 114.

⁽¹⁰⁾ OJ C 303, 19.8.2016, p. 103.

⁽¹¹⁾ http://europa.eu/rapid/press-release_IP-14-518_en.htm

⁽¹²⁾ OJ C 21, 21.1.2011, p. 39.

- With regard to the sharing economy in its different forms, the EU has not clearly laid out its principles on abuse of dominant positions and how this can be reconciled with the objective of a ‘social market economy’, considering that a growing proportion of the workers concerned find themselves to be *de facto* outside the law in terms of labour rights. Older people are likely to be more affected than other population groups by the effects of digitalisation on social cohesion.

3.8. **Revolutions**

3.8.1. Digitalisation simultaneously facilitates both a top-down and bottom-up approach to social relations, and above all to age.

3.8.2. The sharing economy can bring people closer together through learning methods that encourage all types of intelligence, and through innovative health solutions that allow disabled and older people to play a full role in society and to be agile even if they are not mobile (‘pervasive computing’).

3.8.3. However, digitalisation changes the structure of work relationships. As societies age, digitalisation is overturning the order that has underpinned the cohesion of European societies since the second world war, namely solidarity-based systems that cushioned the impact of crises (as in 2008).

3.8.4. The ‘fourth industrial revolution’ is shaking up employee hierarchies as a result of network activities, the inflow of older people and the breaking down of ‘barriers’. At the same time, around 10 % of e-seniors are connected to the internet but still poor. These seniors could become ‘old people’ again, unable to support themselves (nuclear families) as in previous centuries. This raises the question of whether transition with knowledge transfer is feasible.

3.8.5. It is vital for a digital social market economy⁽¹³⁾ that includes everybody to maintain pension systems. By 2060, these systems will inevitably be based on sources other than paid work, but avoiding the risks of pension funds. The basis for calculating contributions and redistribution of wealth must be considered in detail so as to prepare people psychologically and intellectually for the changes.

Brussels, 13 July 2016.

The President
of the European Economic and Social Committee
Georges DASSIS

⁽¹³⁾ OJ C 318, 29.10.2011, p. 9.

**Opinion of the European Economic and Social Committee on The European Citizens' Initiative
(review)**

(own-initiative opinion)

(2016/C 389/05)

Rapporteur: Antonio LONGO

On 21 January 2016, the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on:

The European Citizens' Initiative (review)

(own-initiative opinion)

The subcommittee responsible for preparing the Committee's work on the subject adopted its opinion on 17 May 2016.

At its 518th plenary session, held on 13 and 14 July (meeting of 13 July), the European Economic and Social Committee adopted the following opinion by 107 votes to 1 with 1 abstention.

1. Conclusions and recommendations

1.1. Four years after the ECI regulation entered into force, the European Economic and Social Committee (EESC) points out that Europeans are at the heart of the European venture and this mechanism could help overcome the democratic deficit by promoting active citizenship and participatory democracy.

1.2. In line with the views already voiced by the European Parliament, the Committee of the Regions and the European Ombudsman, the EESC considers that the European Citizens' Initiative has not achieved its full potential because of a regulation that should be revised.

1.3. The EESC has pinpointed significant technical, legal and bureaucratic problems, along with a clear excess of powers attributed to the Commission, preventing full distribution, implementation and follow-up of successful initiatives.

1.4. When it comes to the review of the regulation, the EESC proposes the following:

1.4.1. that citizens' committees be allowed to begin collecting statements of support on the date of their choice;

1.4.2. that legal recognition be accorded to citizens' committees so as to limit the criminal liability of organisers to fraud and serious negligence, in line with the model provided by Directive 2008/99/EC on the protection of the environment through criminal law;

1.4.3. that a bricks-and-mortar and online one-stop-shop be set up where Europeans can obtain information and be steered through the process of presenting initiatives;

1.4.4. that the proposals to lower the minimum age for supporting and taking part in an ECI be discussed, as proposed by the Parliament and the Committee of the Regions;

1.4.5. that the clear conflict of interest within the Commission be resolved by separating the roles of institutional mentor and judge. With this goal in mind, the EESC reiterates that it is willing to continue to support initiatives already under way and would be a natural candidate for the role of facilitator and institutional mentor;

1.4.6. that appropriate follow-up be guaranteed for successful initiatives, calling upon the Commission to prepare a legislative proposal within 12 months of the end of the campaign or supplying appropriate justification for the decision not to present a proposal. Should no proposal be presented, the EESC would hope that the European Parliament would bring pressure to bear on the Commission under Article 225 of the TFEU;

1.5. The EESC would point out that some problems could be resolved without reviewing the regulation and so should be tackled rapidly to avoid discouraging potential organisers. With a view to making the mechanism more effective and user-friendly, the EESC calls for the following initiatives to be implemented:

1.5.1. in order to make the registration process more transparent, the Commission must adopt clear and straightforward procedures and provide detailed answers and possible solutions when initiatives are declared inadmissible, enabling the committees to amend and present them again;

1.5.2. the Commission must keep up negotiations with the Member States on simplifying, reducing and harmonising the system of national standards laid down for the collection of data. The EESC would propose in particular limiting requests for personal identification documents and enabling all Europeans to sign the initiatives from their countries of residence;

1.5.3. the free OCS system⁽¹⁾ should be established on a permanent basis in order to simplify the collection and cataloguing of statements of support as well as the checking of these statements by the national authorities. The Committee also calls for this tool to be made available to people with disabilities.

1.6. More generally, with a view to distributing and establishing the ECI, the EESC recommends:

1.6.1. providing the public with more information and raising awareness of the ECI mechanism through ad hoc campaigns, enabling citizens' committees to inform signatories about the results achieved and, above all, through greater commitment by the Commission to publicising the follow-up to successful initiatives;

1.6.2. guaranteeing multilingualism and exploring new methods of linking up the online collection of signatures with social and digital media in order to reach out to an ever larger audience;

1.6.3. in principle, enabling every EU citizen to organise an ECI by guaranteeing the option of covering a campaign's unavoidable expenses for registered ECIs.

1.7. The EESC proposes to set up an institutional forum on the participation of European citizens, to become a permanent platform for discussion and debate at the Committee along the lines of the European Migration Forum, building on European Citizens' Initiative Day. The Committee could draft a specific, more detailed proposal in an own-initiative opinion.

2. Introduction

2.1. The European Citizens' Initiative was instituted by the Treaty of Lisbon⁽²⁾ as an innovative instrument for transnational participatory democracy. It allows 1 million Europeans from a minimum of seven Member States to ask the European Commission to propose legislation on areas within EU competence. The intention of this is to involve European citizens actively in the European decision-making process, by providing them with an indirect form of the right to initiate legislation.

2.2. The rules and procedures that govern the ECI are set out in an EU regulation adopted on 16 February 2011 and in force since 1 April 2012⁽³⁾.

2.3. An ECI can be organised or signed by all Europeans who have reached the legal age to vote in the European Parliamentary elections⁽⁴⁾. Initiatives cannot be arranged by organisations. However, organisations may promote or support initiatives, provided they do so with full transparency.

⁽¹⁾ OCS is the acronym for Online Collection Software, which is a tool provided free of charge by the European Commission for collecting signatures online. This tool simplifies both the collection of data and the checking of those data by the national authorities. OCS complies with Regulation (EU) No 211/2011 of the European Parliament and of the Council and Implementing Regulation (EU) No 1179/2011 of the Commission. <https://joinup.ec.europa.eu/software/ocs/description>

⁽²⁾ Article 11(4) of the Treaty on European Union (TEU), and Article 24(1) of the Treaty on the Functioning of the European Union (TFEU).

⁽³⁾ Regulation (EU) No 211/2011 of the European Parliament and of the Council of 16 February 2011 on the citizens' initiative, <http://ec.europa.eu/citizens-initiative/public/welcome>

⁽⁴⁾ The legal voting age is 18 years old in all Member States except Austria, where it is 16.

2.4. The ECI procedure involves three steps:

2.4.1. The launch phase, which involves setting up a citizens' committee⁽⁵⁾, registering the initiative⁽⁶⁾ subject to an eligibility assessment by the Commission⁽⁷⁾ and certifying the system for online collection of signatures⁽⁸⁾.

2.4.2. During the collection phase, a minimum of 1 million 'statements of support' (signatures) must be collected over a maximum period of 12 months and from at least seven EU countries⁽⁹⁾. The signatures must be certified by the competent national authorities⁽¹⁰⁾.

2.4.3. During the submission phase, the initiative is examined by the Commission, prior to a meeting with the organisers and a public hearing at the European Parliament. The Commission has three months in which to respond with an ad hoc communication and decide whether to adopt the proposal beginning the legislative procedure.

3. The first four years of the European Citizens' Initiative

3.1. To date, more than 6 million Europeans have signed an ECI. Although 56 initiatives have been submitted, only 36 have been registered by the Commission, of which three collected at least 1 million signatures⁽¹¹⁾. No successful initiative has led to a new legislative proposal, although in some cases the Commission has taken account of public opinion on some aspects.

3.2. The significant technical, legal and bureaucratic difficulties encountered by promoters and the limited legislative impact of successful initiatives have undermined the credibility of the ECI tool. This is illustrated by the drastic decline in initiatives registered (from 16 in 2012 to 5 in 2015⁽¹²⁾) and statements of support (from over 5 million in 2012 to a few thousand in 2015⁽¹³⁾).

3.3. Over the course of these four years, many organisers and representatives of civil society organisations⁽¹⁴⁾ reported flaws and areas of inflexibility in the ECI, which was supposed to be clear, simple and user-friendly. This trend was confirmed during a public hearing organised by the EESC on 22 February 2016.

⁽⁵⁾ A citizens' committee must be composed of at least seven EU citizens, residing in seven different EU Member States.

⁽⁶⁾ The initiative must be described in no more than 800 characters (100 for the title, 200 for the description and 500 for details of objectives).

⁽⁷⁾ Article 4(2) of Regulation (EU) No 211/2011. Before the initiative is officially registered and posted on the Commission's website, the Commission has two months to check: 1) if the citizens' committee has been set up and spokespersons appointed; 2) that the initiative does not fall manifestly outside of the Commission's powers to propose legislation in application of the EU treaties; 3) that the initiative is not manifestly offensive, futile or vexatious; 4) that the initiative is not manifestly contrary to the values laid down by the EU treaties. The decision to register an initiative or not is based on legal grounds and so can be challenged. If the Commission refuses to register the initiative, it informs the promoters of the reasons for the refusal and of all possible judicial or extrajudicial means of appeal available to them. These include the option of referring the matter to the Court of Justice of the EU or lodging a complaint with the European Ombudsman (on grounds of maladministration).

⁽⁸⁾ Article 6 of Regulation (EU) No 211/2011. The regulation stipulates that this process is the responsibility of the competent authorities of each Member State in which statements of support are collected.

⁽⁹⁾ The regulation stipulates that a minimum number of signatures must be collected per country commensurate with the number of inhabitants <http://ec.europa.eu/citizens-initiative/public/signatories?lg=en>

⁽¹⁰⁾ Article 15 of Regulation (EU) No 211/2011.

⁽¹¹⁾ The following proposals were successful: *Water and sanitation are a human right! Water is a public good, not a commodity!*; *Stop vivisection*; and *One of us*: <http://ec.europa.eu/citizens-initiative/public/initiatives/successful>

⁽¹²⁾ The number of initiatives registered has gradually fallen over the years with 16 in 2012, 9 in 2013, 5 in 2014 and 5 in 2015.

⁽¹³⁾ The data for the signatures collected supporting an ECI in the last three years clearly show a drop in participation and interest by citizens. 5 402 174 signatures were collected in 2013, 628 865 in 2014 and only 8 500 in 2015.

⁽¹⁴⁾ C. Berg, J. Tomson, *An ECI that works! Learning from the first two years of the European Citizens' Initiative*, 2014. <http://ecithatworks.org/>

3.4. In February 2015, three years after the regulation entered into force, the European Parliament produced a study⁽¹⁵⁾ on the state of its implementation, calling for a review. The conclusions of this study were taken up in October 2015 in a resolution⁽¹⁶⁾ in which the Parliament formally forwarded this request to the Commission with clear, specific proposals.

3.5. Following an own-initiative inquiry into the proper functioning of the ECI procedure and the Commission's role and responsibility, in March 2015 the European Ombudsman drew up 11 guidelines for further improvement⁽¹⁷⁾.

3.6. In October 2015, the Committee of the Regions also adopted an opinion in favour of a rapid and substantial revision of the regulation⁽¹⁸⁾.

3.7. In response to the many requests to amend the regulation and as required by the regulation, the Commission published a progress report⁽¹⁹⁾ in April 2015 and a follow-up report⁽²⁰⁾ in February 2016 on the proposals put forward by the Parliament. In both cases, while acknowledging the difficulties encountered by ECI promoters and accepting the possibility of making improvements to the implementation of the current legislative framework, the Commission repeatedly rejected any possibility of revising the current regulation in the near future.

3.8. It is now widely accepted by the European institutions, organisers and representatives of organised civil society that, despite achieving some positive results, the ECI is still far from reaching its full potential in terms of policy proposals and enabling Europeans to participate actively.

3.9. The main problems identified consistently by both institutions and stakeholders are as follows:

3.9.1. there is a lack of knowledge and awareness of the ECI tool among Europeans and national institutions⁽²¹⁾;

3.9.2. the citizens' committees encountered many technical, legal and bureaucratic obstacles during the registration and collection phases, jeopardising the outcome of their initiatives;

3.9.3. citizens wishing to sign an initiative encountered many difficulties relating to individual national data processing laws;

3.9.4. the few successful initiatives were not taken into account by the Commission when drawing up new legislative proposals, merely when drawing up legislative initiatives which were indirectly linked.

3.10. In detail, the main difficulties encountered by citizens' committees are:

3.10.1. the fact that they are not legally recognised. This has a negative impact on important practical aspects of the ECI, such as fundraising or even the simple opening of a current account. Moreover, the fact that promoters are personally liable for 'any damage they cause in the organisation'⁽²²⁾ of an ECI acts as a deterrent;

⁽¹⁵⁾ European Parliamentary Research Service, 'Implementation of the European Citizens' Initiative. The experience of the first three years', 2015. www.europarl.europa.eu/thinktank

⁽¹⁶⁾ European Parliament resolution of 28 October 2015 on the European Citizens' Initiative (2014/2257(INI)). Rapporteur: Schöpflin.

⁽¹⁷⁾ Case: OI/9/2013/TN. Opened on 18 December 2013; Decision on 4 March 2015. <http://www.ombudsman.europa.eu/en/cases/decision.faces/jt/59205/html.bookmark>

⁽¹⁸⁾ Committee of the Regions; opinion on the *European Citizens' Initiative* (OJ C 423, 17.12.2015, p. 1).

⁽¹⁹⁾ *Report on the application of Regulation (EU) No 211/2011 on the citizens' initiative*, COM(2015) 145.

⁽²⁰⁾ *Follow up to the European Parliament resolution on the European Citizens' Initiative*, adopted by the Commission on 2 February 2016.

⁽²¹⁾ Eurobarometer survey *The promise of the EU*, September 2014, p. 51.

⁽²²⁾ Article 13 of Regulation (EU) No 211/2011. For example this may include the risk of errors when handling personal data.

3.10.2. excessively rigid application of ECI eligibility criteria. Around 40 % of initiatives were declared inadmissible by the European Commission during the first — registration — phase of the process ⁽²³⁾. The European Parliament, would like to see further examination of the conflict of interest within the Commission, which is obliged to inform the organisers and make an assessment on the admissibility of the initiative, while also being the recipient of that same initiative ⁽²⁴⁾;

3.10.3. overlapping activities in the ECI timetable. The time needed to certify online collection systems in each Member State reduces still further what is already a tight 12-month period for collecting signatures;

3.10.4. lack of appropriate support from the Commission, particularly during the launch phase and in managing the initiative. Particular focus should be given to the hosting service and OCS provided free of charge by the Commission, and to the difficulties faced by organisers drawing up and disseminating multilingual versions of documents;

3.10.5. managing an ECI is an expensive process. This is demonstrated by the fact that the three successful initiatives were backed by major civil society organisations which provided them with technical, organisational and financial support. Many organisers have highlighted the need — in order to avoid distorting the founding principle of the European Citizens' Initiative — for greater support by the EU to launch the campaign;

3.10.6. excessive inflexibility when collecting and handling personal data. In some Member States, legislation in this area has further discouraged the organisation of and support for new initiatives. Moreover, in some countries laws on the collection of data stipulate that only the signatures of citizens residing in the country should be taken into consideration, thereby depriving 11 million people of their right to take part ⁽²⁵⁾;

3.10.7. a lack of involvement of organisers during follow-up activities. The lack of follow-up on successful initiatives would seem to suggest that meetings and hearings are not enough to spur the Commission to take actual legislative action.

3.11. 2016 is a decisive year in the process that could lead to a review of the ECI. This own-initiative opinion is the EESC's contribution to this process and recognises the enormous untapped potential of this important and innovative tool in the European decision-making process, in the spirit of true European citizenship.

4. The EESC and the European Citizens' Initiative

4.1. The EESC, as the bridge between the European institutions and organised civil society, has been involved since the beginning of the debate on the ECI. This is demonstrated by the opinions adopted to date ⁽²⁶⁾ and by the establishment of an ad hoc group to monitor the development and implementation of this right ⁽²⁷⁾.

4.2. Moreover, the Committee is actively involved in the ECI process ⁽²⁸⁾ in the dual role of facilitator and institutional mentor. EESC initiatives and competences include:

4.2.1. European Citizens' Initiative Day, organised every year to assess the state of implementation and the effectiveness of the ECI with all the players involved. The event also facilitates the exchange of best practice and networking among organisers and other stakeholders;

⁽²³⁾ Interpretation of the notion that 'the initiative does not fall manifestly outside the competences of the Commission to propose legislation in application of the EU treaties' seems to have been particularly restrictive. As such, all initiatives to amend the treaties have systematically failed. The only exception was *Let me vote*, which aimed to link the rights of European citizens listed in Article 20 (2) TFEU to the right to vote in all political elections in the Member State of residence, under the same conditions as apply to citizens of that country.

⁽²⁴⁾ European Parliamentary Research Service, *Implementation of the European Citizens' Initiative. The experience of the first three years*, 2015. Chapter 3.1.4.

⁽²⁵⁾ European Parliamentary Research Service, *Implementation of the European Citizens' Initiative. The experience of the first three years*, 2015. Chapter 6.

European Parliamentary Research Service, *Disenfranchisement of EU citizens resident abroad*, Executive Summary.

⁽²⁶⁾ EESC opinion on the *Citizen's initiative* (OJ C 44, 11.2.2011, p. 182).
EESC opinion on *The implementation of the Lisbon Treaty: participatory democracy and the citizens' initiative (Article 11)* (OJ C 354, 28.12.2010, p. 59).

⁽²⁷⁾ The ad hoc group on the ECI was set up in October 2013, and its mandate was renewed in 2015.

⁽²⁸⁾ <http://www.eesc.europa.eu/?i=portal.en.members-former-eesc-presidents-henri-malosse-speeches-statements&itemCode=35383>

4.2.2. an ECI helpdesk office, set up to provide, inter alia, translations of descriptions of initiatives validated by the Commission into the official languages of the EU;

4.2.3. making rooms available to help promote campaigns;

4.2.4. drawing up a practical guide — now in its third edition — to raise awareness and promote the ECI⁽²⁹⁾. The ECI also takes centre stage in another Committee publication, the European Passport to Active Citizenship⁽³⁰⁾, which aims to inform Europe's citizens of their rights and to promote transnational participatory democracy;

4.2.5. setting up a public archive in 2016 of academic and scientific documentation on the ECI, open to all citizens to consult free of charge;

4.2.6. presenting the most successful registered initiatives that do not contradict official Committee policy as outlined in its opinions at the plenary session or, alternatively, at section meetings. This allows the EESC to give them sufficient exposure while taking a neutral position;

4.2.7. EESC delegates take part in European Parliamentary hearings on successful initiatives, thus contributing to the Commission's analysis and exploration process.

5. General comments

5.1. The EESC strongly reiterates its support for the European Citizens' Initiative. Four years after the ECI regulation entered into force, there are encouraging data in terms of participation as well as vast untapped potential. The EESC considers that proper and complete implementation of the ECI could help bridge the growing gulf between Europeans and the EU.

5.2. The EESC agrees with the views already expressed by the European Parliament, the Committee of the Regions and the European Ombudsman to the effect that the partial and limited implementation of the ECI is the result of a number of factors. There are technical, legal and bureaucratic limitations, as well as a clear institutional short circuit owing to excess powers and responsibilities being attributed to the Commission.

5.3. The EESC also considers that the Commission has successfully resolved some of these problems, for instance by providing a free OCS system, while others unfortunately cannot be resolved unless the regulation is revised.

5.4. The EESC therefore calls on the Commission to take action on two fronts: it should act swiftly to resolve and/or simplify the most straightforward and obvious technical and bureaucratic problems, and present a proposal to reform the regulation as rapidly as possible in order to tackle the more complex institutional, legal and organisational issues.

6. Specific comments

6.1. The EESC would suggest the following proposals for reforming the regulation with a view to making the ECI mechanism simpler and more effective:

6.1.1. citizens' committees should be allowed to begin collecting statements of support when they so choose. This is fundamental to making the 12 months for collecting signatures really count;

6.1.2. citizens' committees should be accorded legal recognition, if necessary special status, so as to limit the criminal liability of organisers to fraud and serious negligent, in line with the model provided by Directive 2008/99/EC on the protection of the environment through criminal law;

⁽²⁹⁾ <http://www.eesc.europa.eu/resources/docs/qe-04-15-566-en-n.pdf>

⁽³⁰⁾ <http://www.eesc.europa.eu/resources/docs/qe-04-15-149-en-n.pdf>

6.1.3. a bricks-and-mortar and online one-stop-shop should be set up where Europeans can obtain information and be steered through the process of presenting initiatives. It is crucial to provide citizens' committees with appropriate technical and legal support in order to facilitate the presentation of proposals and increase the percentage of proposals deemed admissible;

6.1.4. the proposals to lower the minimum age for supporting and taking part in an ECI should be discussed, as proposed by the Parliament and the Committee of the Regions, in order to offer young people the chance to take an active part in building the European Union;

6.1.5. the roles of institutional mentor and judge, both of which are currently performed by the Commission, should be separated. This is crucial for resolving the clear conflict of interest in the Commission and enabling the ECI mechanism to be implemented fully and effectively;

6.1.5.1. The EESC confirms its willingness to continue to support initiatives already under way and would be a natural candidate for the role of facilitator and institutional mentor.

6.1.6. appropriate follow-up for successful initiatives must be guaranteed. With due respect for the Commission's right of initiative, the EESC would ask the Commission to prepare a legislative proposal within 12 months of the end of the campaign or supply appropriate justification for the decision not to present a proposal. Should no proposal be presented within the timeframe set, the EESC would hope that the European Parliament would bring pressure to bear on the Commission under Article 225 of the TFEU. The Commission must also establish closer ties with the supporters of these initiatives, going beyond mere hearings held at the European Parliament, in order to guarantee that the proposal meets its supporters' expectations.

6.2. Furthermore, the EESC notes that the Commission should:

6.2.1. make the registration process more transparent and effective. Specifically, the Commission should be more proactive, providing detailed answers and possible solutions when initiatives are declared inadmissible, enabling the committees to amend them to meet the criteria laid down by the rules in force;

6.2.2. keep up negotiations with the Member States in order to simplify, reduce and harmonise the system of national standards laid down for the collection of data that is necessary to sign a statement of support. The EESC would propose in particular limiting as far as possible requests for personal identification documents and enabling all Europeans to sign the initiatives from their countries of residence ⁽³¹⁾;

6.2.3. establish the free OCS system on a permanent basis, since it simplifies the collection and cataloguing of statements of support as well as the checking of these statements by the national authorities. The Committee also calls for this tool to be made available to people with disabilities.

6.3. The EESC recommends in particular:

6.3.1. stepping up procedures for informing people and raising awareness about the ECI. This must be done primarily through ad hoc campaigns promoted by the Commission and the Member States. With this goal in mind, the EESC also proposes enabling citizens' committees to inform interested supporters about developments in and achievements of the campaign (provided that they have authorised this). The same applies to the Commission, which must publicise the follow-up of successful initiatives more effectively, first informing the citizens' committees;

6.3.2. guaranteeing multilingualism as a prerequisite for achieving a high rate of participation and exploring new methods of linking up the collection of signatures online with social and digital media in order to reach out to an ever larger audience;

6.3.3. in principle, enabling every EU citizen to organise an ECI by guaranteeing the option of covering a campaign's unavoidable expenses for registered ECIs.

⁽³¹⁾ UK and Irish citizens resident in Bulgaria, France, Austria, the Czech Republic and Portugal are so far deprived of this right.

6.4. Lastly, the EESC proposes to set up an institutional forum on the participation of European citizens, to become a permanent platform for discussion and debate at the Committee along the lines of the European Migration Forum, building on European Citizens' Initiative Day. In order to guarantee the participation of highly qualified speakers, the EESC would also invite institutional representatives with a stake in this issue, one representative per citizens' committee with a registered initiative and all interested stakeholders. The Committee could draft a specific, more detailed proposal in an own-initiative opinion.

Brussels, 13 July 2016.

The President
of the European Economic and Social Committee
Georges DASSIS

III

(Preparatory acts)

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

518TH EESC PLENARY SESSION, 13 AND 14 JULY 2016

Opinion of the European Economic and Social Committee on the Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee on an action plan on VAT: Towards a single EU VAT area — Time to decide

[COM(2016 148 final)]

(2016/C 389/06)

Rapporteur: Daniel MAREELS

Co-rapporteur: Giuseppe GUERINI

On 2 May 2016, 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 and the European Economic and Social Committee on an action plan on VAT: Towards a single EU VAT area — Time to decide

[COM(2016) 148 final].

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 29 June 2016.

At its 518th plenary session, held on 13 and 14 July 2016 (meeting of 13 July 2016), the European Economic and Social Committee adopted the following opinion by 113 votes to 1, with 1 abstention.

1. Conclusions and recommendations

1.1. **The EESC welcomes the 'Action Plan on VAT'**, which aims to move towards a definitive VAT system in the EU, and endorses both its objectives and the approach based on four components with a short and medium term perspective. It is now high time to take a qualitative step ('quantum leap') forwards, in order to support the single market and contribute to jobs, growth, investment and competitiveness.

1.2. In the Committee's view, it is important to strive to implement all parts of the Action Plan as an indivisible whole. This applies in particular to the transition to the definitive VAT system; the aim should be for its actual implementation — which is only scheduled for the second stage of the Action Plan and is conditional on a separate assessment by the Member States — to be carried out in any event and within a reasonable time-frame. If not, there is a risk that the stated objectives could be compromised.

1.3. With regard to the first stage set out in the Action Plan, which currently applies only to certain supplies of goods, the Committee urges all stakeholders to look into how **services** can be incorporated into the new system more quickly, which would also alleviate the problems associated with this (transitional) phase. It would also be worth examining methods for ensuring that **financial services** are more generally subject to VAT.

1.4. In the Committee's view, the transformation of the current system should result in a **definitive VAT system** that is **clear, consistent, robust and comprehensive**, as well as **proportionate and future-proof**. In this context, the Committee endorses the proposal to opt for the country of destination principle as the basis for the definitive VAT system, as it will create a level playing field for all suppliers in the same national market and will result in less market distortion.

1.5. In the Committee's opinion, close attention should also be paid to how **business-friendly** the system is with respect to enterprises, particularly SMEs. Despite the innovations and simplifications proposed in the Action Plan, there is still considerable concern regarding the complex and complicated nature of the forthcoming regulation and the significant administrative burden that it could entail.

1.6. Notwithstanding the need for **clarity and legal certainty** to be central to the development of the definitive VAT system, the Committee calls for the possibility of additional and further-reaching **simplification** and of **reducing the administrative burden** to be examined more closely, whereby consideration could be given to a **proportionate approach that benefits SMEs** without undermining the comprehensiveness and other key characteristics of the definitive VAT system. They should ideally be involved in the development process from the outset.

1.7. Consideration should also be given to the comprehensive provision of useful information in a modern form, for example via a web portal, for the benefit of businesses. In particular, this must help **small businesses to compete on an equal footing** with other businesses and with suppliers from the public sector. More generally, it is important to make cross-border activities within the EU easier and more attractive for all businesses, particularly for SMEs.

1.8. The EESC welcomes the **strong focus on closing the VAT gap and tackling the susceptibility of this tax to fraud**, particularly given the size of the sums involved, amounting to EUR 170 billion a year. It is important to make this objective a **priority** and to deliver **results without delay**, including by improving cooperation between tax administrations and with customs administrations within the EU and with third countries, making tax administrations more efficient and boosting Eurofisc's role, strengthening voluntary compliance with the rules, and improving tax collection.

1.8.1. In the Committee's view, the Member States need to strengthen the capacity of their tax administrations in all areas, in terms of human, financial and technical resources. This should put them in a position to ensure that the new system works properly and effectively, such that fraud can also be reduced.

1.8.2. Without prejudice to the actions provided for in the Action Plan in this regard, the Committee **wonders** whether or not **other, additional tools** should be used in this area, following the example of a number of recent international commitments on the automatic exchange of information regarding direct taxation.

1.8.3. In the same vein, the EESC believes that there should be a strong focus on the intrinsic characteristics and features of the definitive VAT system in terms of its **susceptibility to fraud**. The new rules, appropriate supervision and greater control using the necessary means of enforcement, including judicial means, should consistently lead to a **more comprehensive VAT system applied with greater effectiveness**. In this context, attention should also be paid to the current exemption for small consignments sent by non-EU suppliers, but the Committee advocates taking a nuanced approach to this question.

1.9. In the Committee's view, practical actions to combat fraud must be **targeted and proportionate**. 'Bona fide' enterprises should be protected and no new excessive measures should be imposed on them.

1.10. The Committee welcomes the focus on **new developments in e-commerce and business types**. It is important to provide **clarity** for all those involved in this regard, while at the same time ensuring that all suppliers are given **equal treatment**, irrespective of whether they are following these developments or are sticking to more traditional channels and methods, and for all their transactions, cross-border or not.

1.11. The Committee reserves judgement with regard to the greater flexibility granted to Member States regarding **reduced rates**, and the **two options** set out in the Action Plan in this respect, as more information is needed on the options proposed, how they would work and what rules they would be subject to. The **Committee** therefore prefers to set out a number of **criteria** for the future system. It must combine **flexibility and legal certainty**, it must be **transparent**, and for the sake of **simplicity** the number of **reduced rates and exemptions** must be **limited**. In the current circumstances, and based on currently available information, the Committee would prefer option 1, as it is the most closely aligned with the aforementioned criteria.

2. Background ⁽¹⁾

2.1. The Action Plan on VAT sets out a pathway for the creation of a single VAT area in the EU. The area should be able to support the single market, help to promote jobs, growth, investment and competitiveness and meet the demands of the 21st century. The new system should be simpler, more fraud-resistant and more business-friendly.

2.2. The current VAT system is highly fragmented and complex, at least in a cross-border context. It has not kept pace with the challenges of the new global, digital and mobile economy. There is a major discrepancy between anticipated and actual VAT revenues (the 'VAT gap') and the system is susceptible to fraud.

2.3. The proposed approach would modernise and 'reboot' (re-launch) the VAT system. Other approaches are not seen as valid options. Any changes to the system require the unanimous approval of all Member States.

2.4. The Action Plan has four components, and includes at least 27 measures ⁽²⁾. A number of them have been drawn up in accordance with the Better Regulation Guidelines (REFIT).

2.4.1. The key principles underpinning a **future single VAT area** undoubtedly form the core of the Action Plan and are the most important chapter thereof. The aim is to put forward a proposal for definitive rules in 2017.

2.4.1.1. The **definitive VAT system** will be based on the principle of taxation in the country of destination of goods and services ⁽³⁾, because the country of origin principle has been shown not to be feasible. This applies to all operations, including cross-border transactions. The method of collection shall gradually move towards a more fraud-proof system. These proposals would be implemented in two stages.

2.4.2. In addition, there are a **number of recent and ongoing initiatives**. These are as follows:

- The removal of obstacles to electronic commerce in the single market. The Commission plans to present a proposal in order to modernise and simplify VAT, especially for SMEs, by the end of 2016.
- Secondly, the launch of a package of measures for SMEs in 2017. These will be simplification measures that will have an impact on VAT compliance costs, which will benefit small enterprises.

2.4.3. The largest package relates to **urgent measures to tackle the VAT gap and VAT fraud**. The emphasis here is on the following:

- improving cooperation between tax administrations, and with customs administrations within the EU and with third countries;
- moving towards more efficient tax administrations and strengthening the role of Eurofisc;
- strengthening voluntary compliance with the rules;

⁽¹⁾ The following is broadly based on the action plan.

⁽²⁾ Seven are set out in the Plan and twenty in the document '20 measures to tackle the VAT gap'. See http://ec.europa.eu/taxation_customs/resources/documents/taxation/tax_cooperation/vat_gap/2016-03_20_measures_en.pdf

⁽³⁾ The 'country of destination' principle.

— tax collection;

— In addition, there will also be an evaluation report on the Directive on the mutual assistance for the recovery of tax debts.

2.4.4. The final objective here is to move — in the longer term — towards a **modernised rates policy**. The idea is to give Member States greater freedom and flexibility on rates, particularly **reduced rates**. Initiatives will follow in 2017.

3. Observations and comments

3.1. *The Action Plan*

3.1.1. The EESC welcomes the Action Plan, which is aimed at moving towards a single EU VAT area. It is an ambitious, urgent and necessary action plan that is in keeping with efforts to develop a more modern and competitive single market.

3.1.2. The EESC welcomes the approach based on 4 components⁽⁴⁾ with a differentiated approach in the short and medium term. The idea is to overcome the weaknesses and shortcomings of the current transitional system and to take a qualitative step ('quantum leap') forwards, in accordance with the needs of a single market.

3.1.3. The Committee endorses the proposed approach, in which the definitive VAT system will be based on the country of destination principle. It also notes that the new system must be clear, consistent, robust and comprehensive, as well as proportionate and future-proof. In this context, the EESC urges the European Commission, as a precaution, to examine the possibility of introducing a generalised reverse charge system⁽⁵⁾ for all cross-border B2B transactions. Although the reverse charge mechanism is already used in some Member States to reduce VAT fraud in specific economic sectors, applying this principle more generally could result in the risk of VAT fraud being shifted to the retail sale stage.

3.1.4. The transition to a definitive system must be properly overseen. It is crucial here to improve the performance of national tax administrations and their cross-border cooperation and to address the system's susceptibility to fraud. With a view to improving the collection of VAT and combating fraud, it is important to encourage the development and exchange of best practices throughout the EU. For example, the possibility could be considered of setting time limits for VAT accounting between Member States. Every effort should be made to close the VAT gap insofar as possible. This should both benefit authorities (correct VAT receipts!) and make the playing field more level for all suppliers.

3.1.5. At the same time, it is of the utmost importance to make the system more business-friendly, with clarity and legal certainty being the primary considerations. It is also important to reduce the administrative burden, particularly for SMEs, without however undermining the comprehensiveness and other key characteristics⁽⁶⁾ of the definitive VAT system. In this connection, efforts should be made to develop standard forms for VAT refunds, to pay refunds in good time, and to develop an accessible system of VAT rates.

3.1.6. Using the country of destination principle gives Member States freedom to define their own rates, but this must not lead to fragmentation and excessive complexity. A proportionate approach needs to be taken, in the interests of SMEs. Account should also be taken both of the latest developments in cross-border trade and the digital and mobile economy, and of all — existing as well as new — types of businesses.

3.1.7. For the EESC, efforts to create a modernised rates policy that give Member States greater flexibility on reduced rates⁽⁷⁾ should, in principle, come under the objective of applying the 'country of destination' principle, given that fewer trade distortions should normally occur under such circumstances. The number of exceptions should be limited and, in order to improve economic efficiency, publicly and privately supplied goods and services should be treated in the same way⁽⁸⁾ for VAT purposes. The broader the base on which VAT is applied, the lower the rate needs to be in order to achieve the same tax revenue. At the same time, this allows economic distortions to be avoided.

⁽⁴⁾ See point 2.4 above.

⁽⁵⁾ Also referred to by the English term 'reverse charge system'.

⁽⁶⁾ See point 3.1.3.

⁽⁷⁾ See point 2.4.4 above.

⁽⁸⁾ For example, in the healthcare sector, private businesses generally have to charge VAT, whereas public suppliers are often exempt.

3.1.8. For the EESC, it is important for this Action Plan to be fully implemented in its entirety and as an indivisible whole, with all its elements. The lack of certainty that there may currently be in this respect is not in line with the goal of creating a VAT system for a single market, and is liable to compromise the stated objectives. The EESC believes that all necessary safeguards for achieving this objective should be built into the Action Plan. This applies in particular to the transition to the definitive VAT system in two stages, the second of which is currently⁽⁹⁾ dependent on a separate assessment and a decision by the Member States. The aim should be for the actual implementation of the definitive VAT system in the second stage to be carried out in any event and within a reasonable time-frame.

3.1.9. With a view to the full implementation of the Action Plan, the Committee calls on the Member States to cooperate to enhance and step up the exchange of information and to build trust in the efforts being made to implement the texts and increase VAT revenues. In the Committee's view, the Member States will thus need to strengthen the capacity of their tax administrations, which will need to have adequate human, financial and technical (including ICT) resources. The Committee calls for the Commission to provide support in this regard.

3.1.10. The Committee expects the Commission to submit, in due time, an in-depth and comprehensive impact assessment of the proposed measures and of the Action Plan as a whole. It must include an assessment of the impact on SMEs, for which complexity and administrative burden present significant challenges.

3.2. *The main objective: moving towards a robust single European VAT area — a definitive VAT system*

3.2.1. The EESC supports the choice of the country of destination principle, thus creating a level playing field for all suppliers on the same national market, regardless of where they are based.

3.2.2. Under the Action Plan, in the first stage of the transition to the definitive VAT system the country of destination principle will be applied only to goods. For the sake of simplicity and to avoid further complications, the Committee urges the Commission and the Member States to look into how services can be incorporated into the new system more quickly, and to explore ways of making financial services more generally subject to VAT.

3.2.3. There is a risk that implementation of the new system could increase the administrative burden for businesses, and the Committee therefore highlights the need for simpler VAT rules, particularly for SMEs, that do not, however, undermine the comprehensiveness of the system. At the same time, considerable attention needs to be paid to the clarity of the rules and legal certainty.

3.2.4. It must be an easy and attractive option for businesses to expand their activities across borders within the EU. In cross-border transactions, the country of destination principle means that suppliers apply the VAT rate applicable in their customers' Member States, which can lead to complications and additional burdens. Indeed, it may mean that they have to deal with the systems in all 27 other Member States. In order to ensure that the resulting burden remains manageable, provision should be made for public information systems such as a web portal showing, among other things, the rates applicable in all Member States. It is likewise important that businesses should only need to register in the country where they are established. The EESC therefore welcomes the Commission's proposal that the requirement to register for VAT purposes should apply only in the country of establishment, which should save the businesses concerned an estimated EUR 1 billion.

3.3. *Measures to close the VAT gap and tackle fraud*

3.3.1. The EESC welcomes the focus on closing the VAT gap and tackling the susceptibility of the VAT system to fraud, particularly as the losses for the authorities amount to EUR 170 billion per year, which is equivalent to 15,2 % of total VAT revenue. Cross-border fraud alone represents EUR 50 billion annually.

⁽⁹⁾ In the current version of the plan. See the last paragraph of point 4.

3.3.2. It is important to make this objective a priority and to deliver results without delay. Without prejudice to various actions provided for in the Action Plan in this regard, the EESC wonders whether or not other, additional tools should be used, following the example of the recent international commitments on direct taxation, including those relating to exchanging information and the Commission's plans ⁽¹⁰⁾ to combat tax avoidance.

3.3.3. In the same vein, the EESC believes that there should be a strong focus on the intrinsic characteristics and features of the definitive VAT system in terms of its susceptibility to fraud. The fact that fraud can be reduced considerably ⁽¹¹⁾ by applying a system of staggered payments to cross-border operations does not mean that we can rest on our laurels.

3.3.4. The new rules, appropriate supervision and greater control using the necessary means of enforcement, including judicial means, should consistently lead to a more comprehensive VAT system applied with greater effectiveness.

3.3.5. For the EESC, it is important that targeted measures should be taken to close the VAT gap and tackle fraud. Measures to close the gap must be compatible with the proportionality principle and improve the functioning of the internal market. 'Bona fide' enterprises should be protected and no new excessive measures should be imposed on them.

3.3.6. Weaknesses and gaps in the current system, such as the exemption for imports of small consignments by non-EU suppliers, create an uneven playing field, distort the market and lead to substantial revenue losses for the authorities (estimated to be EUR 3 billion annually). If such a scheme is considered fundamentally inappropriate in a modern EU VAT system, then the Committee calls, with a view to costs, for a nuanced approach whereby transactions that genuinely have no market-distorting effect are possibly exempted, as in the case, for example, of small and sporadic low-value consignments for purely private purposes.

3.3.7. Lessons could also be drawn from the past. In this connection, consideration could be given to the appropriateness, in future, of a broad evaluation of the VAT system: not only of its rules and how it works, but also, more broadly, of whether it meets the requirements of the economy and of the authorities, and of how it contributes to the European project. Such an evaluation could take place at regular intervals.

3.4. *Taking account of a number of new developments in e-commerce and the types of businesses*

3.4.1. The EESC welcomes the Action Plan's focus on innovative business models and technological progress in an increasingly digital environment. More broadly, it is essential to take account of all major and forward-looking developments. This would also make the definitive VAT system more future-proof.

3.4.2. For the EESC, the important point here is that, in these circumstances, the VAT rules should be set in such a way as to ensure clarity and certainty for all stakeholders.

3.4.3. In the same way, it must be ensured that all suppliers offering the same goods or services — cross-border or not — are treated equally, irrespective of whether they are following the latest developments (the digital approach), or are sticking to more traditional channels and methods (physical). The EESC advocates implementing simplification measures such as the common EU VAT threshold in order to make things easier for e-commerce start-ups, and calls for this to be opened up to all SMEs.

3.5. *Taking account of SMEs' needs*

3.5.1. The Committee welcomes and highlights the consideration given by the Action Plan to SMEs. It is important and essential that the Action Plan provides for a whole host of specific measures with fair and appropriate rules for SMEs. This point has already been made elsewhere in this opinion.

3.5.2. The intention of providing for a broad package of simplification measures for their benefit is welcome. However, these intentions as set out in the Action Plan need to be further clarified and fleshed out. For the EESC, it is important for SMEs to be involved in this from the outset.

⁽¹⁰⁾ See the proposal for a Council Directive laying down rules against tax avoidance practices that directly affect the functioning of the internal market, published by the Commission on 28 January 2016 (known as the Anti-BEPS Directive) (OJ C 264, 20.7.2016, p. 93). In this connection see also EESC opinion ECO/405 of 28 April 2016 on the anti-tax avoidance package (OJ C 264, 20.7.2016, p. 93).

⁽¹¹⁾ By approximately EUR 40 billion or 80 %.

3.5.3. For agricultural enterprises, it would be desirable for the current option of providing compensation for the VAT paid on certain purchases to be turned into an obligation on all Member States. At the same time, the transformation of agricultural products by organisations of agricultural producers or similar organisations should be put on a par with agricultural production.

3.6. *Measures on reduced rates*

3.6.1. With regard to the increased flexibility on reduced rates, the Committee highlights its concern that this could lead to greater fragmentation of VAT rates between Member States, which would be detrimental to the clarity and applicability of the system, particularly for SMEs.

3.6.2. The Committee reserves judgement with regard to the two options set out in the Action Plan, as more information is needed on the options proposed, how they would work and what rules they would be subject to. The Committee therefore prefers to set out a number of characteristics for the future system. It must combine flexibility and legal certainty, it must be transparent, and the number of reduced rates and exemptions must be limited. In the current circumstances, and based on currently available information, the Committee would prefer option 1 ⁽¹²⁾, as it is the most closely aligned with the aforementioned criteria.

3.6.3. The Committee calls for the role and strategic importance of social enterprises ⁽¹³⁾ to be taken into account in the future definitive VAT system. In this respect, consideration could be given to revising point 15 of Annex III of Directive 2006/112/EC or adding a new provision on applying the reduced rate for social, health and education services for disadvantaged persons provided by institutions recognised as being devoted to social wellbeing. In particular, consideration should be given to exempting, or applying a lower rate to, products and services for disabled and disadvantaged people in the new VAT system.

3.6.4. It is also important to maintain the existing VAT exemptions for voluntary organisations that have already been authorised in a number of Member States, due to the specific nature of the organisations concerned and the absence of a cross-border component.

3.6.5. In the framework of the revised VAT directive the possibility could also be examined of the individual Member States applying higher VAT rates than the standard rate to luxury products, and if so, which rules should apply in this case.

3.6.6. Council Directive 2006/112/EC has granted special reduced VAT rates and derogations to certain European islands and remote areas as a counterbalance to their natural, economic and demographic permanent handicaps. Given the importance of these regimes for insular enterprises and local economies, the EESC calls for their continuation.

Brussels, 13 July 2016.

The President
of the European Economic and Social Committee
Georges DASSIS

⁽¹²⁾ Option 1 involves the 'extension and regular review of the list of goods and services eligible for reduced rates'.

⁽¹³⁾ On the importance of the social economy, see the Commission's communication on the Social Business Initiative — Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation (COM(2011) 682 final).

Opinion of the European Economic and Social Committee on 'Industry 4.0 and digital transformation: where to go'

(COM(2016) 180 final)

(2016/C 389/07)

Rapporteur: Joost VAN IERSEL

Co-rapporteur: Nicola KONSTANTINOU

On 19 April 2016, 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:

'Industry 4.0 and digital transformation: where to go'

(COM(2016) 180 final)

The Consultative Commission on Industrial Change (CCMI), which was responsible for preparing the Committee's work on the subject, adopted its opinion on 22 June 2016.

At its 518th plenary session, held on 13 and 14 July 2016 (meeting of 14 July 2016), the European Economic and Social Committee adopted the following opinion by 98 votes with no abstentions.

1. Conclusions and recommendations

1.1. The EESC strongly welcomes the communication on 'Industry 4.0 and digital transformation: where to go' ⁽¹⁾. It considers the entire package ⁽²⁾ to be the first step in a vast European work programme to be carried out in close mutual cooperation between all interested public and private parties.

1.2. The EESC appreciates the coherent and ambitious strategic vision in industrial policy being displayed in the Communication and its focus on four key issues: (1) technologies and platforms; (2) standards and reference architectures; (3) geographic cohesion, embodied in a network of regional Innovation Hubs; (4) skills at all levels.

1.3. The urgency arises from the analysis performed by the EC. It stresses the strengths of European digital industry, but it equally expresses fear that the value added may massively shift away from industrial players towards the owners of proprietary digital platforms, and it underlines the lack of common standards and interoperable solutions. There is also a great need for digital skills.

1.4. Industry 4.0 is essentially a bottom-up process. But the public sector should develop strategic orientations and has a decisive role to play as regulator, facilitator and financial supporter.

1.5. Digitisation and Industry 4.0 profoundly affect business models and the entire context in which companies currently operate. Awareness building and a common sense of purpose among all stakeholders are paramount: in addition to business, this means social partners at all levels, academia, research institutes, regional and local public actors, the education sector and consumers.

1.6. No single European country is able to grasp on its own all opportunities in the digital era successfully. Europe as a whole is the critical scale, comparable to big markets such as the US and China. Digitisation of industry requires a shared industrial strategy for the EU and MS. This should strengthen Europe's industrial base, attract new investments and re-shore investments and jobs. It will keep Europe sharp concerning the target of industrial output to 20 % of its GNP by 2020.

⁽¹⁾ (COM(2016) 180 final).

⁽²⁾ Refer to the other parts of the package, Cloud Initiative and others.

1.7. A reliable and predictable environment is vital. Start-ups and scaled-ups deserve focused attention. The Council, notably the Competitiveness Council, should, at the initiative of the EC, urgently decide on an EU 4.0 industrial strategy and a Digital Single Market (DSM), replacing the current fragmentation resulting from 28 digital policies. DSM should be an integral part of the revamped single market to avoid fragmentation of the European digital environment.

1.8. Cooperation is key. National and regional 4.0 Platforms must bring together all relevant actors. Within a common EU framework, each should develop its own characteristics. Partnerships of all kinds, synergies and clustering, cross-border arrangements and European benchmarking should be promoted.

1.9. In the same vein, Public Private Partnerships and Important Projects of Common European Interest ⁽³⁾ as well as e-government initiatives must be fostered.

1.10. Increasing disparities between MS in terms of industrial output and technological performance are worrying. The EESC urges that properly designed cooperation should kick start convergence instead.

1.11. The EESC welcomes the planned EUR 5 billion R & D funding for ICT in H2020 as well as funding from a range of other European funds, including the Juncker Investment Plan. The EC must clarify how these policy intentions will be put into effect.

1.12. Substantial additional financial resources are apparently needed. The EC is speaking of EUR 50 billion only in ICT investments. This means serious financial involvement by the public and private sectors across Europe. It is as yet unclear how these financial provisions will be implemented within a reasonable timeframe.

1.13. Private equity has a central role in financing. Banks should be encouraged to play their part in Industry 4.0. A fully-fledged European Capital Market would provide appropriate support.

1.14. Customised products at mass production prices will greatly benefit users and consumers. Most areas of personal consumption will benefit from higher performance and quality.

1.15. The Communication is disappointingly concise on the considerable social consequences of digitisation in industry. Net effects are unpredictable. In order to avoid a split society specific attention is needed for those generations and income groups that may be hard hit. For many others, there will be new opportunities.

1.16. Digitalisation will have considerable consequences for the labour market and work organisation, such as greater income disparities and reduced access to social security systems, which can be prove negative if not properly countered ⁽⁴⁾.

1.17. Ensuring stable social relations, a cohesive society, and a well-educated and motivated work force with a decent income and quality jobs requires active involvement by all parties concerned. Social and comprehensive dialogues at all levels — EU, national, regional and company-level — are necessary to ensure a fair adaptation for employees, impacted by digitisation, with timely anticipation and sufficient support for professional adaptation.

1.18. There is a direct link between education programmes and facilities and social cohesion. Up-to-date skills and qualifications for digital technology users and reskilling are key issues. Business and social partners should be closely involved in developing curricula for all levels and forms of education.

⁽³⁾ As defined in Art. 107 3b TFEU, and further specified in EC Communication (2014/C 188/2).

⁽⁴⁾ See EESC opinion on *The effects of digitalisation on the services sector and employment* (OJ C 13, 15.1.2016, p. 161), point 1.2.

1.19. The EESC expects the Commission to act as a catalyst by effectively implementing the strategic plan. This implies notably effective coordination of competing approaches, avoiding uncertainty and fragmentation of the market. The Digital Single Market is key. An accelerated process of European standardisation will be decisive.

1.20. Furthermore the EESC expects an active role of the EC in:

- raising awareness in all parts of society, in particular to promote acquisition of digital skills,
- analysing the worldwide picture and providing improved statistical data on services,
- presenting EU effective coordination as an example to national governments,
- increasing pressure on investments in infrastructure (telecommunication, broadband),
- ensuring that the implementation of the GDPR ⁽⁵⁾ will not lead to disharmony in the EU market,
- pushing for transparent public and private financial arrangements,
- monitoring, benchmarking and evaluating, including CSRs in the annual Semester,
- promoting 4.0 platforms and PPPs as well as cooperation among stakeholders, including by bringing them together at EU level,
- promoting the Digital Innovation Hubs as centres for advanced training of the workforce,
- deepening EU social dialogue at all levels to discuss labour market consequences as well as adjustments in the field of social and labour law, in particular concerning economic and political measures that should ensure protection for the entire workforce ⁽⁶⁾.

2. Introduction

2.1. Digitalisation in industry is a key part of a broader transformation of the economy that includes robotisation, material sciences, and new production processes, referred to as Industry 4.0. This paradigm shift will radically change business and society. As recently as 2014, the EU did not yet have a clear view of the economic, technological, social and societal aspects of Industry 4.0. The EESC presented a list of desirable measures ⁽⁷⁾.

2.2. In September 2015, the EESC adopted an opinion that discussed the socioeconomic consequences of digitisation of industry and disruptive labour markets ⁽⁸⁾.

A. Global developments

2.3. Crosscutting developments are notably taking place in the US, China, the EU, Japan and Korea. Others will follow. Big data, as a new raw material, are a catalyst for changing patterns of products and services. Previously disjointed fields ⁽⁹⁾ are interacting, while servicing (especially digital) in value chains is generating substantial additional value to production processes.

⁽⁵⁾ General Data Protection Regulation.

⁽⁶⁾ See EESC opinion (OJ C 13, 15.1.2016, p. 161), point 6.3.

⁽⁷⁾ See EESC opinion on *The impact of business services in industry* (OJ C 12, 15.1.2015, p. 23), notably point 1.15.

⁽⁸⁾ See EESC opinion (OJ C 13, 15.1.2016, p. 161).

⁽⁹⁾ Artificial intelligence and machine-learning, robotics, nanotechnology, 3D-printing, and genetics and biotechnology.

2.4. Today, no business can operate without a digital strategy. This strategy simultaneously affects products, services and processes in the industry as a whole. In view of developing new markets, digitisation of industry generates fierce competition between companies as well as between economic blocks. Pre-competitive cooperation across the globe is usual in business as well.

2.5. Measures are driven by a focused industrial strategy, notably in the US and China, where business benefits from big internal markets. This is high politics. In 2011, the Obama administration launched a vast ongoing programme on new technologies, notably ICT, involving business, research institutes and universities across the country.

2.6. As usual, private projects will benefit substantially from new technological programmes recently announced by Federal agencies.

2.7. The US intends to use digital transformation to regain lost ground in industrial markets while taking advantage of the American freedom of operating, and the dominance of world players in ICT and big data such as Google, Amazon, Microsoft, Cisco and others⁽¹⁰⁾.

2.8. A consortium of leading industrial companies is working to the same end. A list of the 50 most innovative companies of 2014 reveals that seven in ten leading companies are based in the US⁽¹¹⁾.

2.9. Chinese authorities are using digital transformation to reinforce the Chinese position worldwide. Official documents underline the goal of matching the US.

2.10. The deliberate ambition of China is highlighted in a crosscutting state-driven programme entitled *Made in China 2025*, based on the objectives of the German *Industrie 4.0*. This is a totally new concept in Chinese economic and manufacturing processes, with a high degree of coordination among decision-makers, economic actors and innovative forces.

2.11. Vast financial resources have been earmarked. Despite the economic downturn, these specific programmes are not affected.

B. State of play in Europe

2.12. Interest in Industry 4.0 has increased dramatically. In parallel, digitisation is a high priority for the Juncker Commission. It will require optimal coordination among EC services.

2.13. A clear focus in the Competitiveness Council is crucial for a common sense of purpose among EC, national and regional decision-makers. Digitisation of industry and big data in European manufacturing must ensure a strong position for the future. This is essentially a bottom-up process involving all stakeholders. The public sector is in charge as regulator, facilitator and financial supporter.

2.14. Since 2011, the initiative has come from Germany through combined efforts by the Federal Government, academia and business. Following the launch of *Industrie 4.0* in 2013, the process has been streamlined in *Platform 4.0* and a cooperation agreement between government, business and the trade unions. Business is increasingly involved in crosscutting initiatives, often in cooperation with regional authorities.

2.15. Meanwhile, there are *Industrie 4.0* in Austria, *L'Industrie du Futur* in France, *Catapult* in the UK, *Smart Industry* in the Netherlands, and others. It is a diverse landscape, each country developing its own vision on 4.0 and the future of industry. The intensity of cooperation and sense of urgency, however, differs greatly from country to country.

2.16. National, regional and local (cities) initiatives are complementary. The EC is rightly envisaging cross-border arrangements and partnerships as well as exchange of best practices.

⁽¹⁰⁾ The 'Digital-Big-Five' in the US have a higher market capitalisation than the sum of all German Dax-30.

⁽¹¹⁾ Analysis by the Boston Consulting Group.

2.17. Big and specialised medium-sized companies are taking the lead. Main concerns are the great disparities between countries, backlog or insufficient awareness in SMEs and trailing public involvement. A very challenging issue is the fragmentation of the European market and the usual depressing European picture of 28 industrial and digital policies.

2.18. Digitisation of industry and Industry 4.0 embraces much more than technology. Business has to prepare for radical changes due to a range of factors: speed, scale and unpredictability of production as well as further fragmentation and reorientation of value chains, new relationships between research institutes, higher education and the private sector, new business models, new links between big and smaller companies, new ways of cooperating between all levels in business (design, production, sales, logistics, maintenance), the need for updated and new skills alongside new ways of working, and closer links between business and the user. Traditional industries in particular are challenged by brand new concepts⁽¹²⁾.

2.19. The consumer can be more in the driver's seat than ever. By combining manufacturing and services, digitisation entails customisation and tailor-made production at the same or lower costs than series production, often in a new setting. At the same time, consumers must be enabled to obtain appropriate information about products social and environmental effects that will facilitate an informed opinion about intended purchases.

3. Industrial policy and current and desired actions

3.1. In supporting Industry 4.0 and its stakeholders — entrepreneurs, personnel, social partners, suppliers and clients, education providers — the EU needs an industrial strategy with an appropriate division of labour among all parties concerned. The role of the Competitiveness Council is crucial. Like all industrial policies, it is a matter of shared competences.

3.2. The European Council⁽¹³⁾ has set the goal that by 2020, European industry should make up 20 % of European GNP instead of the present 12 %. However, hesitation among investors and a lack of (European) direction is instead resulting in a decline in manufacturing.

3.3. Underscoring the need for coherent policies, the Commission services are currently preparing an impressive work programme — regulations, standardisation, R & D and financial resources — in close cooperation with the MS and business.

3.4. The EESC notes with satisfaction that most of the 17 recommendations it presented in its opinion in 2014⁽¹⁴⁾ are currently under discussion.

3.5. The EC, governments, business and stakeholders will rightly take part simultaneously in policy meetings on Industry 4.0. European PPPs should be encouraged⁽¹⁵⁾ as well as the planned Important Project of Common European Interest on low-power electronics for the IoT. A detailed roadmap for business and governments is needed.

3.6. One major concern is the ongoing existence of 28 digital policies. This is fundamentally counterproductive to the need for scale, and a major argument to accelerate the DSM.

3.7. The Digital Single Market (DSM) should become an integral part of the revamped Single Market. Smart legislation and regulation must be speeded up. The agenda embraces:

- removal of internal trade barriers and renewal of outdated legislation,
- uniform treatment of big data in Europe,

⁽¹²⁾ See for instance the self-driving car in the automotive industry or FinTech in the banking sector.

⁽¹³⁾ European Council, 11 December 2013.

⁽¹⁴⁾ See footnote 7, specifically Chapter 1, Conclusions and Recommendations.

⁽¹⁵⁾ For instance, FoF (Factory of the Future), SPIRE.

- digital infrastructure (telecommunications, broadband),
- open standardisation with usage of the Standard Essential Patents made available under fair, reasonable and non-discriminatory (FRAND) economic and legal conditions,
- a legal regime for the licensing and protection of data, including worker-related data,
- the significance of data protection for current and future uses of data and access to real-world data,
- liability and safety of autonomous connected devices, machines and vehicles,
- cloud-computing and standards in 'cloud' processing platforms,
- cyber security and confidentiality,
- copyright,
- implementation of social and tax regulations in the gig economy and in online labour relations (e.g. 'crowd working'),
- up-to-date, detailed statistics on services.

3.8. The EESC urges consultations to strike an appropriate balance between legislative provisions and room for manoeuvre for economic actors.

3.9. Europe must make efforts to set worldwide standards, in close cooperation with non-European actors.

3.10. The General Data Protection Regulation (GDPR) contains multiple flexibilities for MS. It is important that the GDPR will not lead to outcomes that restrict access and re-use of data, increasing disharmony in the EU market.

3.11. Cyber security is still largely underestimated in business and by states. Cyber crime is spreading over the world. The EU has an obvious role to play.

3.12. The EESC urges the EC to pay specific attention to statistics that are still systematically overlooked. More detailed statistical evidence concerning services is crucial for business and policy makers.

4. National and regional measures

4.1. An increasing number of countries and regions are now working seriously on digitisation.

4.2. However, increasing disparities between countries and the uneven awareness in business in the various countries are a major concern. A major issue is interoperability between companies and suppliers.

4.3. Awareness-raising programmes are set up for business and stakeholders. Each country finds its own methods. Platforms, often at regional level, are very important for enhancing cooperation between big and small companies, as well as between these and research institutes and universities.

4.4. Broadening regional and national PPPs should be encouraged. They bring partners from various backgrounds together and promote cross-fertilisation. They promote cooperation and can be a welcome source of badly needed financial support.

4.5. Platforms, centres of excellence and field labs often focus on specific parts of digitisation, for instance on changing value chains, new business models and social and work place innovation⁽¹⁶⁾ with active participation of employees and trade unions. One-stop-shops must be encouraged. Sector organisations play a role in addressing sector-specific issues.

4.6. (Technical) universities around which incubators are assembled — business campuses — also play a proactive role. The concept of the entrepreneurial university, which is spreading over the continent, is most helpful⁽¹⁷⁾.

4.7. Networks of companies, platforms, sector organisations and universities intensify desirable trends. DSM should improve conditions for cross-border cooperation. Economic and legal conditions for sharing value creation through digitisation in industry may be needed to foster cooperation between players of (very) different sizes. Particular focus on SMEs and start-ups is necessary. Most of these lack targeted information and many lack tools for improvement.

4.8. In comparison with the US, start-ups and scaled-ups are rather a weak point in Europe. Cross-fertilisation between big and small and networks of (cross-border) incubators is paying off. Coaches such as part-time, retired and experienced entrepreneurs and mentors can play a very supportive role.

5. Funding

5.1. Digitisation is becoming a priority for European funds (Horizon 2020, regional and other funding). The Joint Research Centre in Seville and forthcoming innovation hubs with worldwide experience can be very beneficial.

5.2. From the point of view of the EESC, the issue of financing all necessary investments is far more complicated than it appears in the Communication. Substantial additional financial resources are apparently needed. The EC is speaking of EUR 35 billion only in ICT investments. This implies close cooperation between EU, national, and regional funding, as well as active industrial involvement via Platforms and PPPs. Clarification is needed on how these financial provisions will be implemented within a reasonable timeframe. The usual question can be posed: who is expected to pay what and to what purpose?

5.3. European funding is rightly often criticised for being too slow and too bureaucratic, which is usually very costly and discourages small business. Look at the US! Adjusted procedures and less bureaucracy are imperative, while maintaining fairness. Reducing the number of mandatory partners in R & D consortia may be useful⁽¹⁸⁾.

5.4. The University Business Incubation Rankings for small business can be a helpful tool for measuring promising start-ups and speeding up EU bureaucratic procedures.

5.5. Innovative digital business processes are driven by start- and scaled-ups such as unicorns⁽¹⁹⁾. The Americans are leading. In addition, American innovation-watchers are very active in Europe and looking for profitable take-overs.

5.6. Besides the banking sector private equity is actively involved. Private banking itself is also digitising. FinTech operates alongside this. As an offshoot of the digital world, it promotes speed, increased efficiency and transparency as well as a changing attitude to clients. More FinTech hotspots in Europe besides London would be helpful.

⁽¹⁶⁾ As illustrated by the European Workforce Innovation Network EUWIN.

⁽¹⁷⁾ See also EESC opinion on *Engaged universities shaping Europe* (OJ C 71, 24.2.2016, p. 11).

⁽¹⁸⁾ This has already been implemented in some parts of Horizon 2020.

⁽¹⁹⁾ A unicorn is a mature start-up worth at least USD 1 billion.

5.7. Banks and FinTech should be key partners in DSM, with a higher level of performance and value creation. They should be encouraged to act as a strategic partner for industry, professionally assessing the economic, social and environmental benefit of projects. Radically new forms of interlinking platforms and value added services may help.

5.8. Financial regulation (or the review thereof) should not hinder the banking sector in taking calculated risks in investing in Industry 4.0.

5.9. A fully-fledged European Capital Market is needed to create a financial level playing field comparable to that of the US.

6. Society and the labour market

A. Society

6.1. Industry 4.0 and the digital society concerns everybody. Awareness must be raised. Risks and uncertainty about the future as well as chances and opportunities, societal conditions and acceptance are under discussion.

6.2. In North West Europe, the digital revolution is already in the media everyday (TV, press, social media). In some countries, public opinion is reasonably well informed, but information must be considerably improved across Europe.

6.3. Customised products at mass production prices will greatly benefit users and consumers. Substantially higher performance is to be expected in the following fields:

- agriculture and food,
- the circular economy, COP 21,
- automatic testing & diagnostics, repair and maintenance, dismantling,
- e-health, m-health and e-care,
- health robotics (proximity and interaction),
- buildings and civil engineering ⁽²⁰⁾,
- lower energy consumption,
- transport and mobility,
- e-government,
- smart cities,
- development of remote areas,
- underdeveloped countries.

B. Labour market

6.4. Industry 4.0 profoundly affects all professions in the labour market. This puts labour market policies at the heart of future developments. In this respect the argument of the Communication is disappointingly concise and rather flat.

⁽²⁰⁾ See the Dutch initiative BIM, a 3D Building Information Model, in which various disciplines — architect, constructor, installer, and contractor — cooperate with one common database.

6.5. In 2015, the EESC discussed a broad range of effects of digitisation on the service sector and employment⁽²¹⁾. Changes are occurring in job description, skills and qualifications, education and training, work environments and process organisations, contractual relations between companies and employees, working methods, career planning, etc.

6.6. How to deal with technology that is going to race ahead, but could leave some (potentially many) people behind is one of the great challenges of our time⁽²²⁾. Politics and society as a whole, the business sector, trade unions, non-profit organisations and the public sector, sector organisations and NGOs all need to be committed.

6.7. In the digital era social cohesion will largely depend on education. Education at all levels and training systems across Europe urgently require up-to-date skills and qualifications if people are to keep pace with developments and the need for (international) mobility. Creativity and entrepreneurship should be promoted⁽²³⁾.

6.8. In order to provide the EU workforce with the skills it requires in the digital age, public and private investment in vocational education have to be promoted and it must be examined whether European measures are required in order to generalise across the EU the positive experiences in Member States regarding training leave⁽²⁴⁾.

6.9. The EU needs a skills agenda on the basis of a list of key competences. A EU education — business forum, including social partners, will provide excellent support. The social partners of user sectors should equally be involved in the definition of digital skills for industry. The EU Grand Coalition for Digital Jobs and corresponding National Coalitions should be well coordinated.

6.10. Digitisation opens up opportunities and generates more choices for people in terms of personal responsibility and freedom (for example time and place to work). Very many are benefitting from this, either in existing companies, or by shifting to new companies or working for themselves. It should be examined how various forms of flexibility should be implemented by national social partners according to national practices and national law in order to fairly balance the interests of workers and employers⁽²⁵⁾.

6.11. Mainly due to robotisation, large groups of workers, including tiers of managers, are currently being laid off. The lower middle class is being hard hit, as is the older generation. Society has a clear responsibility towards those who, due to age or insufficient qualifications, are no longer able to take part in the labour market.

6.12. In order to bolster employment despite declining demand for labour, potential problems need to be identified through discussion involving all stakeholders and the corresponding strategies established in line with individual Member States' requirements (e.g. including in the sphere of public investments, job-creating innovation and distribution and reduction of work)⁽²⁶⁾.

6.13. In parallel, mismatches on the labour market must be rectified. Up-skilling of all those considered able to skill up, must be facilitated. Across Europe, there are hundreds of thousands of vacancies in the technical and ICT sectors. This requires appropriate communication.

⁽²¹⁾ See EESC opinion in footnote 4.

⁽²²⁾ See, amongst many other studies and analyses, *Digitalisation of the economy and its impact on labour markets*.

⁽²³⁾ See, amongst others, the EESC opinion on *Engaged universities shaping Europe* (OJ C 71, 24.2.2016, p. 11).

⁽²⁴⁾ See EESC opinion (OJ C 13, 15.1.2016, p. 161), point 1.5.1.

⁽²⁵⁾ See EESC Opinion in footnote 4 (OJ C 13, 15.1.2016, p. 161), notably points 1.5.6, 1.5.8, 1.5.9.

⁽²⁶⁾ See EESC Opinion (OJ C 13, 15.1.2016, p. 161), points 1.5.9.

6.14. Business and trade unions are facing the same challenges. A well-educated and motivated work force with a decent income and quality jobs is in everyone's interest. If not managed well, resistance in public opinion and among workers may cause damaging tension.

6.15. Social dialogue at all levels — EU, national, regional and corporate — is necessary. The state of the economy and the social environment, traditions and culture vary from country to country. It is essential that all stakeholders assume joint responsibility.

6.16. At EU level, social dialogue in Industry 4.0 should concern:

- analyses of economic and social complexities, and anticipation of change at sectoral level, promoting a shared understanding,
- mapping consequences for various segments — lower, middle and higher — of the labour market as well as vulnerable groups,
- transformations in employer-employee relationships,
- occupational health and safety liability, given automated and connected machines and vehicles,
- job descriptions,
- 'flexicurity' and mobility due to further fragmentation of value chains,
- skills and qualifications focused on the needs of digital technology users, and reskilling are therefore key issues,
- education and schooling, from primary school to university, and
- continuous re- and upskilling,
- attention to gender balance,
- best practices, focus on promoting convergence between MS,
- mobility (Schengen),
- communication and information.

6.17. In parallel, social dialogue is taking place at sector level. One example is the dialogue between Ceemet and industriAll in the metal, engineering and technology-based industries. The European Banking Federation (EBF), the insurance sector and the central banks are holding a similar dialogue with Uni-Europa Finance. Moreover, the EBF and Uni-Europa are working on a Europe-wide retraining project, involving 40 000 employees.

6.18. The same approaches are being or should be applied at national level taking into account huge differences in culture, agenda and practice between countries and disparities as regards social dialogue itself and government involvement as legislator and facilitator.

6.19. At regional and company level, social dialogue will focus on shifts in business models and on specific situations for individuals, regional specialisations and cross-fertilisation between companies, schools and higher education and business campuses. National and regional platforms can also be a great help in all these areas⁽²⁷⁾.

6.20. To sum up, well-managed social dialogue is crucial to generate a common mind-set and common objectives for society, companies and directly concerned stakeholders in an area that is still full of economic and social pitfalls.

Brussels, 14 July 2016.

The President
of the European Economic and Social Committee
Georges DASSIS

⁽²⁷⁾ An interesting example is a Dutch field lab on social innovation at Ypenburg, Netherlands.

Opinion of the European Economic and Social Committee on the Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank — Steel: Preserving sustainable jobs and growth in Europe

[COM(2016) 155 final]

(2016/C 389/08)

Rapporteur: Andrés BARCELÓ DELGADO

Co-rapporteur: ENRICO GIBELLIERI

On 4 April 2016, 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 (TFEU), on the:

Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank — Steel: Preserving sustainable jobs and growth in Europe

[COM(2016) 155 final].

The Consultative Commission on Industrial Change (CCMI), which was responsible for preparing the Committee's work on the subject, adopted its opinion on 22 June 2016.

At its 518 plenary session, held on 13 and 14 July 2016 (meeting of 14 July 2016), the European Economic and Social Committee adopted the following opinion by 194 votes to 1 with 3 abstentions.

1. Conclusions and recommendations

1.1. The European Economic and Social Committee:

1.1.1. Calls on the EU institutions to ensure, as a key priority, a level playing field for the steel industry.

1.1.2. Welcomes the Commission communication aimed at addressing the challenges facing the EU steel industry in the current crisis and maintaining sustainable jobs and growth in Europe.

1.1.3. Calls for the immediate re-establishment of the High-Level Group on Steel, as there are specific issues that cannot be addressed in the broad Group on Energy-Intensive Industries.

1.1.4. Appeals to the Commission for the High-Level Group on Steel, once re-instated, to include the Commission, Member States, the EIB, the social partners, industry and the unions, the R & D technological platform and competence centres.

1.1.5. Urges the Council and Commission to produce a roadmap, with specific implementation commitments, resources, and targets that will make it possible to deal with the threats and challenges described in the analysis.

1.1.6. Encourages the Commission to produce a follow-up report in one year's time on how the measures set out in the communication have been implemented.

1.1.7. Encourages the Commission to significantly enhance and accelerate the effectiveness and efficiency of existing trade defence instruments in order to be able to immediately address unfair trade practices on the part of exporting countries and re-establish a level playing field.

1.1.8. Calls on the EU Institutions, as long as China does not meet the EU's five criteria ⁽¹⁾ in order to qualify as a market economy, to use a non-standard methodology in anti-dumping and anti-subsidy investigations into Chinese imports, under Section 15 of the China WTO Accession Protocol.

⁽¹⁾ Council Regulation (EC) No 1225/2009, Basic Anti-Dumping Regulation (OJ L 343, 22.12.2009, p. 51).

1.1.9. Requires any change in the treatment of Chinese imports to be accompanied by appropriate measures to prevent EU industry from being harmed by unfair trade practices.

1.1.10. Points out, particularly to the Member States, that it is important to conclude the package modernising trade defence instruments, as it will speed up the process and remove the so-called 'WTO+ elements' from the EU system, particularly the 'lesser duty rule'.

1.1.11. Highlights the fact that, as the import duty on steel products is zero under the Common Customs Code, it is imperative that the lesser duty rule for steel products be abolished.

1.1.12. Welcomes the Commission's commitment to further accelerating the adoption of provisional measures. With regard to calculating the injury margin, the current practice of setting the target profit must be better defined, in a transparent way, in order to ensure that target profits are realistic, that they promote R & D in Europe and that the injury is effectively removed.

1.1.13. Acknowledges that the reintroduction of the prior surveillance system for certain steel products will help the Commission to properly address unfair imports, with the possibility of initiating cases on grounds of threat of injury becoming generalised practice.

1.1.14. Urges the Commission to register imports prior to the adoption of provisional measures and to retroactively apply definitive antidumping and/or countervailing duties three months before the adoption of provisional measures under the Basic Regulation.

1.1.15. Encourages the Commission to ask that other trade partners are fully transparent with regard to State aid and indirect state support to the steel industry, requesting their engagement to avoid state intervention to backstop steel facilities that cannot survive under market forces.

1.1.16. Calls on the Commission and Member States to define a clear and effective methodology for managing the restructuring process in a socially sustainable way, adequately updating all the available instruments to take account of the current global economic situation, and preventing the impending consolidation of the EU steel industry from taking place unilaterally at the expense of employees.

1.1.17. Reiterates the importance of promoting social dialogue in order to improve workers' skills in adjusting to new challenges. This will require a specific roadmap and detailed schedule to be agreed on by the Commission and the social partners.

1.1.18. Asks the Commission to review the current specific rules on State aid in order to evaluate the possible inclusion of the steel industry in the general framework.

1.1.19. Urges the Commission, taking into account the specificities of the Research Fund for Coal and Steel (RFCS), to:

- keep the same level of participation in the industry, as this assists the Commission in managing the RFCS programme by preserving the original specific features, whose efficiency and effectiveness were identified in the Monitoring and Assessment Report;
- retain the network of experts, which has been active in the course of more than 60 years of collaborative research, and ensure their full involvement in the selection of RFCS proposals and in monitoring ongoing projects;
- prevent the RFCS from being undermined by other programmes.

1.1.20. Encourages the European Parliament and the Council to guarantee that in the ETS revision process, the most efficient facilities will be granted full free allowances, without restrictions, in order to provide a meaningful incentive to other facilities to improve their performance.

1.1.21. Emphasises that full compensation for indirect costs, resulting from the increase in electricity prices derived from the ETS and support for renewable energies, must be provided in a harmonised manner to avoid the current distortion of the EU Single Market.

1.1.22. Requests that the Commission take the necessary measures to guarantee that waste shipments out of Europe are handled and processed in full compliance with environmental rules and human health.

1.1.23. Urges the Commission and Member States to take into account, and properly reward within the public procurement regulations, the voluntary sustainability schemes developed by the steel industry, aiming to increase corporate commitment to current and future generations, as the best way of promoting the sustainability approach across the entire EU market.

2. Introduction

2.1. The Commission acknowledges that the steel industry, which accounts for 1,3 % of EU GDP, is the basis for many industrial sectors' value chains, providing 328 000 direct jobs, and that it has an even greater impact on dependent jobs. The industry is established right across Europe, with more than 500 production sites in 24 Member States.

2.2. The steel sector has been seriously damaged by a flood of unfairly traded imports that have pushed down steel prices and called into question the viability of the whole sector in the short-term. This situation comes hard on the heels of a seven-year economic crisis that has hit the steel industry hard and led to the loss of around 90 000 direct jobs.

2.3. Plants that have survived the crisis are operating with reduced staff and with limited room for manoeuvre. Added to this are high energy prices and the impact of an environmental and climate policy that represent additional handicaps in the European steel industry's race to regain its competitiveness at international level. Finally, the sector's difficulties are also related to austerity policies that penalise the steel industry, particularly in the markets for construction, building services, transport and infrastructure.

2.4. Despite the high technological performance of the EU steel industry, the drop in demand from emerging countries and global overcapacity, particularly in China; have created an unprecedented situation that requires exceptional and urgent measures.

2.5. In China the combination of overcapacity and unfair trade practices has led to a dramatic increase in exports, destabilising global steel markets and depressing steel prices worldwide. As the EU market is the most open market in the world, with zero duties and no technical barriers to trade, most of the small degree of economic recovery in the market has been absorbed by extremely low-priced, unfair imports.

2.6. The Commission has launched ten new investigations into unfair trade related to steel. The situation is far from normal, and urgent, long-term measures are needed to cope with these developments.

2.7. Employment and investment in the sector have plummeted and if no action is taken, more job losses can be expected soon.

2.8. The EESC deplores the fact that the 2013 Steel Action Plan roadmap has not been updated and seems to have reached an impasse in some tasks.

2.9. As the EESC pointed out in its opinion of 11 December 2013⁽²⁾, the 2013 Steel Action Plan⁽³⁾ was 'a comprehensive action plan for steel'. Unfortunately, the EESC cannot issue the same opinion on the current communication, which lacks concrete goals and specific short, medium and long-term targets.

2.10. The EESC notes that the European Steel Action Plan was further refined and it proposed a roadmap of specific measures to preserve the European steel industry.

2.11. Following several Competitiveness Council meetings, the European Council on 17 March 2016, and the G7 meeting on May 2016, the EESC feels that the essential political will is evident and that now is the time to transform this will into effective and appropriate measures to restore a level playing field in the EU steel industry.

3. Trade policy

3.1. Trade defence

3.1.1. The EU will continue to be the global champion of open and free trade, provided trade is conducted under fair market conditions. In the absence of international competition rules, trade defence instruments are essential for tackling unfair trade practices that harm EU industry.

3.1.2. The EESC welcomes the Commission's commitment to further accelerating the adoption of provisional measures in terms of its internal procedures and in allocating the necessary resources. Changing current practice and carrying out verification visits, after the imposition of provisional measures, might speed up the process without the need to change the Basic Regulations.

3.1.3. In the case of anti-subsidy proceedings, the EESC urges the Commission to broaden investigations to include all subsidy schemes uncovered in the course of an investigation, even if they were not identified in the original complaint.

3.1.4. The Commission and the EU as a whole must tackle the China Market Economy Status (MES) issue in a way that does not undermine the effectiveness of anti-dumping measures. Section 15(a) (ii) of the China WTO Accession Protocol may expire in December 2016, but this should not automatically and undeservedly grant China MES unless it fulfils the criteria set out in the EU's Basic Anti-Dumping Regulation.

3.1.5. The EESC hopes that the current impact assessment being carried out by the Commission will be comprehensive and sector-based, and will also take into account the specific impact of granting MES to China, especially on some European regions, without appropriate and truly effective accompanying measures.

3.2. Overcapacity

3.2.1. The EESC acknowledges the Commission's efforts in bilateral or multilateral negotiations to reach agreement on capacity reduction and transparency concerning State aids. However, the track record of these bilateral and multilateral negotiations is unsatisfactory.

3.2.2. Tackling the causes of overcapacity needs a strong commitment to periodical reporting on State aid schemes and specific measures agreed under the OECD and the WTO umbrellas.

3.2.3. The EESC hopes that the Council will include the energy and raw materials chapters in every new Free Trade Agreement (FTA) mandate, as this will allow the Commission to introduce these chapters in overall negotiations for each and every FTA.

⁽²⁾ OJ C 170, 5.6.2014, p. 91.

⁽³⁾ COM/2013/0407.

3.2.4. Furthermore, full respect for the rights of civil society organisations, trade unions and individual workers as regards environmental matters must be included as important points in forthcoming negotiations and new agreements.

3.2.5. The Commission should make public those cases in which a country does not fulfil its commitments concerning State aid transparency and reporting, and consider this as non-cooperative behaviour in trade defence proceedings.

3.2.6. Diplomatic negotiations cannot prevent the imposition of trade defence remedies where they are needed.

4. Investments

4.1. Regarding the European Fund for Strategic Investments (EFSI), it actually creates additional risk-bearing capacity in the market to support viable investment projects developed by EU steel companies. However, it is regrettable that not many companies can currently access this Fund, as steel market conditions cannot guarantee an adequate return on investment with prices at such a low level.

4.2. The emphasis must be on creating the framework for guaranteeing an adequate return on industrial investment in the steel industry. Under the current framework, there is plenty of funding available, thanks to the European Central Bank's (ECB) monetary policy.

4.3. Investments in the European steel industry must be boosted in order to modernise plants and equipment, and research into and development of new products and processes must be promoted.

5. Investing in people

5.1. The EESC fully supports the Commission's communication, but it lacks a detailed action plan to ensure that steel remains an attractive industry for talented young people. The EESC calls on the Commission and Member States to define a clear and effective methodology for managing the restructuring process in a socially sustainable way, utilising all the available instruments (EGF, Structural Funds, etc.) further ensuring their flexibility and ability to respond to the challenges of the fast-changing global economy. Promoting social dialogue in order to improve workers' skills in adjusting to new challenges will require a specific roadmap and a detailed schedule to be agreed on by the Commission and the social partners.

5.2. Under the current State aid rules, some Member States have intervened to support the steel industry, which remains crucial for the entire manufacturing industry downstream. These state interventions have taken various forms, such as support for R & D investments, energy-efficient technologies and investments to protect the health and safety of workers and compensation for indirect energy costs.

5.3. In order to maintain skills in a downward cyclical market, measures such as partial unemployment, Kurzarbeit (short-time working in Germany), schemes for the replacement of staff (contrato relevo in Spain) and solidarity contracts (in Italy) have been implemented.

6. Competition policy and State aid flexibility for R & D

The EESC calls on the Commission to organise a workshop with Member States and the social partners in the second half of 2016 in order to draw up guidelines to implement the flexibility allowed under the new State aid rules framework.

7. R & D

7.1. The European Steel Technology Platform (ESTEP) has established major partnerships involving the entire European steel industry, its suppliers and customers (transport industry, construction sector and energy sector), SMEs, private and public research bodies, public authorities and trade union representatives.

7.2. The new Research & Innovation roadmap proposed by the European Commission has been carefully analysed by ESTEP's Working Groups, and its revised agenda already includes topics which are relevant to the steel sector.

7.3. The Research Fund for Coal and Steel (RFCS) successfully took over from the European Coal & Steel Community (ECSC) in 2002. Collaborative research within the European steel sector, both within the RFCS and the Framework Programme, has been encouraged and strengthened over the past 10 years. ESTEP's Mirror Group brings together representatives from 20 of the EU-28 Member States.

7.4. An essential precondition for a competitive steel industry in Europe is to remain at the cutting edge of technology by maintaining and developing the EU steel sector's R & D capacities. In this regard, the RFCS is a vital and unique instrument. In September 2013, the European Commission published its Monitoring and Assessment Report, which clearly demonstrates the RFCS's efficiency.

7.5. Recently, DG RTD has decided, on purely administrative grounds, to reduce the consolidated and essential role of industry in RFCS programme management, thereby jeopardising its direct link with industry. The EESC urges the Commission to reverse this decision.

8. Energy

8.1. The Commission cannot claim success in reducing the price gap between the USA and the EU, as this has come about without the Commission's intervention. The gap remains unacceptable and seriously damages the competitiveness of the EU steel industry.

8.2. Active measures should be taken to ensure that energy prices do not undermine the competitiveness of the EU steel industry.

9. ETS review

9.1. The EESC welcomes the European Council conclusions (23 and 24 October 2014) stating that there is a need to strike a balance between the objective of reducing greenhouse gas emissions and that of ensuring the competitiveness of European industry.

9.2. The European steel industry is the most environmentally-friendly worldwide, and the EU must act to avoid the relocation of production facilities to third countries with lower environmental standards and higher emissions than in EU.

9.3. No linear reduction factor should be arbitrarily applied to benchmarks, as this will cut the amount of free allocation to below technically and economically achievable levels.

9.4. Benchmark revision must be rooted in realistic, technically and economically achievable levels, offering full compensation to the most efficient facilities.

9.5. Capital intensive industries, such as steel, need a clear and predictable regulatory framework, established well in advance, to allow for correct planning of necessary investments. All stakeholders must be included in an open and constructive discussion regarding the reform of the EU ETS scheme.

9.6. The Innovation Fund is a valued instrument, but should not reduce the amount of free allocation available for carbon leakage protection. Sustainable jobs must be created in the new economy, in which steel is an essential component. A fair transition must indeed ensure that pathways are created for affected workers to find jobs in expanding sectors, while still guaranteeing their working conditions and union rights.

9.7. The EESC insists that the EU ETS must not be reformed at the expense of steel industry employees. Any reform must reconcile the ambitious EU climate targets with a renewed and modernised steel industry, and ensure that the European steel industry is revived and modernised while it works towards achieving the European climate targets.

10. Circular economy: Recycling

10.1. Recycling is a definitive approach in favour of the environment, and steel, as a permanent material, is ideally suited to recycling. However, there is no economic evidence that recycling 'must reduce the cost of production': with a few exceptions the reality is in fact quite the contrary. If recycling were a purely economic activity there would be no need to promote it, as every economic operator would automatically switch to recycling without any regulatory framework.

10.2. The EESC cannot support the statement that the end-of-waste criteria have helped to stimulate higher demand for recycled steel. The application of end-of-waste criteria is limited to some EU Member States and, contrary to the Commission's assertion, has not helped to improve scrap quality; its low level of implementation is due to the fact that it imposes a greater administrative and regulatory burden on the domestic scrap trade without any benefit or improvement to the recycling process.

10.3. The Circular Economy Package has plenty of good intentions but lacks the necessary ambition to genuinely promote the use of by-products, such as slag, without unnecessary administrative burdens, as some Member States are trying to impose. The use of by-products contributes substantially to reducing the use of natural resources and dumping sites.

10.4. Steel is never consumed, but is continuously transformed; the use of natural resources for producing steel for the first time is therefore a transformative process, making iron available in a more 'practical form' for subsequent uses (life cycles) and thereby reducing the medium/long term pressure on natural resources.

Brussels, 14 July 2016.

The President
of the European Economic and Social Committee
Georges DASSIS

Opinion of the European Economic and Social Committee on the proposal for a Regulation of the European Parliament and of the Council on the conservation of fishery resources and the protection of marine ecosystems through technical measures, amending Council Regulations (EC) No 1967/2006, (EC) No 1098/2007, (EC) No 1224/2009 and Regulations (EU) No 1343/2011 and (EU) No 1380/2013 of the European Parliament and of the Council, and repealing Council Regulations (EC) No 894/97, (EC) No 850/98, (EC) No 2549/2000, (EC) No 254/2002, (EC) No 812/2004 and (EC) No 2187/2005

[COM(2016) 134 final — 2016/0074 (COD)]

(2016/C 389/09)

Rapporteur: Gabriel SARRÓ IPARRAGUIRRE

On 7 April 2016 and 11 April 2016 respectively, the Council and the European Parliament decided to consult the European Economic and Social Committee, under Articles 43(2) 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 on the conservation of fishery resources and the protection of marine ecosystems through technical measures, amending Council Regulations (EC) No 1967/2006, (EC) No 1098/2007, (EC) No 1224/2009 and Regulations (EU) No 1343/2011 and (EU) No 1380/2013 of the European Parliament and of the Council, and repealing Council Regulations (EC) No 894/97, (EC) No 850/98, (EC) No 2549/2000, (EC) No 254/2002, (EC) No 812/2004 and (EC) No 2187/2005

[COM(2016) 134 final — 2016/0074 (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 30 June 2016.

At its 518th plenary session, held on 13 and 14 July 2016 (meeting of 13 July 2016), the European Economic and Social Committee adopted the following opinion by 74 votes in favour with one abstention.

1. Conclusions

1.1. The Committee fully supports the Commission's approach regarding the need to update and simplify how technical measures are currently governed; this governance should be based on a long-term strategy to manage and conserve resources.

1.2. Several of the new elements and changes that are proposed would directly help the fishing fleet to adapt to the landing obligation (LO) and the maximum sustainable yield (MSY). The EESC cannot but welcome this, since these reforms would offer greater operational flexibility and would foster more selectivity of fishing gears.

1.3. However, some of the proposals do not take the practical conditions of fishing activities fully into consideration and do not assess the social and economic impact. The Committee is not convinced that these proposals represent a reasonable compromise between safeguarding the fisheries sector's short- and medium-term interests and conserving fishery resources. In this connection, the EESC would like to pay particular attention to the following aspects:

1.3.1. The Committee calls on the Commission to review the proposed changes in mesh sizes and to use the baseline meshes that have been employed by the fleet for various fisheries without unjustified or unnecessary increases or decreases.

1.3.2. The Committee reiterates the importance of not using the proposal to modify the minimum sizes that are applied for certain species, without the necessary justification.

1.3.3. The Committee is of the opinion that rules that enable innovation and value creation in relation to unwanted catches should be introduced.

1.3.4. The Committee urges greater flexibility in terms of the caps on fishing capacity measured in gross tonnage (GT) imposed on Member States by the common fisheries policy (CFP) so as to adapt vessels to the LO and to promote the improvement of working conditions on board.

1.4. The Committee asks the Council, the European Parliament and the Commission to establish a genuine dialogue with fishermen and their representatives before taking any decision on the proposals. The tacit agreement and cooperation of fishermen are needed if the rules are to be respected, which is more likely if fishermen are fully involved in the debate.

1.5. The Committee calls for this commitment to dialogue with stakeholders to be upheld throughout the entire regionalisation process.

2. Background

2.1. Technical measures constitute a vast collection of rules governing how, where and when fishing activities may be carried out. There is currently a large number of regulations, amendments, implementing rules and temporary technical measures applicable both in EU waters and to EU vessels operating outside EU waters. In practice, more than 30 regulations contain technical measures; the regulations that apply to the Atlantic⁽¹⁾, the Mediterranean⁽²⁾ and the Baltic⁽³⁾ are particularly significant.

2.2. There have been two unsuccessful past attempts to revise and update this complex legal framework of technical measures upon proposals from the Commission.

2.3. There is an urgent need to adapt EU fisheries legislation and policies to the new changes introduced under the CFP, i.e. the LO and the progressive and incremental achievement of the MSY for all stocks by 2020 at the latest. Bringing in these objectives is a major challenge for the EU fishing industry.

2.4. It should also be noted that until recently, fisheries policy decisions were taken exclusively by the Council. This meant that technical measures were adopted in detail as EU regulations, rather than being rules, developed on a regional basis, that took into account the specific characteristics of each basin and fishery. In this regard, the comprehensive micro-managed approach, together with the EU institutions' desire to list all the technical details in the form of amendments, have given rise to a complex legal system that leaves little room for manoeuvre and that the industry finds difficult to understand and comply with.

2.5. The Commission is now proposing a new framework regulation⁽⁴⁾ containing general provisions and common rules as well as baseline standards (by region) to act as default measures until regionally specific measures are drawn up and enshrined in EU law.

3. Summary of the Commission proposal

3.1. The Commission hopes that its proposal will contribute to achieving the key objectives of the new CFP in a flexible and regionally specific way. In particular, it signals the need to reduce catches of juveniles and spawning fish of marine species, increase the selectivity of fishing gears, prevent catches of protected species, reduce discards, and minimise environmental impacts.

3.2. In order to meet these goals, the Committee has put forward a text that aims to simplify the current governance system relating to technical measures; this proposal is based on a long-term strategy to manage and conserve resources. In the proposal for a regulation, the Commission devotes particular attention to the issue of discards, regionalisation, more stakeholder participation and increased responsibility for fishermen.

⁽¹⁾ Council Regulation (EC) No 850/98 of 30 March 1998 for the conservation of fishery resources through technical measures for the protection of juveniles of marine organisms, which covers the northeast Atlantic (and, from 2012, the Black Sea) (OJ L 125, 27.4.1998, p. 1).

⁽²⁾ Council Regulation (EC) No 1967/2006 of 21 December 2006 concerning management measures for the sustainable exploitation of fishery resources in the Mediterranean Sea (OJ L 409, 30.12.2006, p. 9).

⁽³⁾ Council Regulation (EC) No 2187/2005 of 21 December 2005 for the conservation of fishery resources through technical measures in the Baltic Sea, the Belts and the Sound (OJ L 349, 31.12.2005, p. 1).

⁽⁴⁾ COM(2016) 134 final.

3.3. The principal new elements and changes are as follows:

- Consolidating and updating objectives, targets, thresholds for bycatch of sensitive species, good governance principles, and definitions previously subject to different rules.
- Establishing common technical rules and measures applicable to all sea basins and considered to be permanent. These measures include prohibited fishing gears and practices, general conditions and restrictions on the use of towed gears and static nets, protection of sensitive species and habitats, minimum sizes for the purposes of conservation, and common measures to reduce discards.
- Developing regionalisation by establishing baseline measures, mainly in the annexes to the proposal, which will apply in the absence of regional measures. In addition, the competences for regionalising technical measures are to be put in place by adopting multiannual plans, temporary discard plans, and conservation measures. A safeguard clause is also included in the event of emergency measures to protect marine species.

4. General comments

4.1. *Introductory comments*

4.1.1. The current rules on technical measures constitute the most obsolete legal framework that we currently have and as such the EESC believes that it is vitally important that this new simplified regulation is swiftly adopted in order to allow the sector to practically and viably adapt to the challenges that are facing it.

4.1.2. The Committee is of the opinion that technical measures should be adopted after a direct and satisfactory consultation with stakeholders. These technical measures must be more flexible and responsive to specific needs, and the decision-making process to adopt them must be fast and efficient, making it possible to adapt to new developments.

4.1.3. The CFP reform has introduced an innovative strategy regarding fisheries management, which rests on shifting towards an approach based on results and on bringing in regionalisation. The Committee fully agrees with this new approach.

4.2. *Conservation*

4.2.1. The Committee fully supports the Commission's strategy of deleting or simplifying (about half of) those areas that are closed or restricted to fishing to protect juveniles and that are no longer operational or are obsolete due to the industry's efforts, the recovery of stocks, or environmental changes.

4.2.2. The Committee also supports dedicating all efforts to improving technical measures as a way to improve the state of fishing zones and to facilitate their conservation, based on the advice of the Scientific, Technical and Economic Committee for Fisheries (STECF) and taking into account the comments of Member States, the fisheries sector and other stakeholders.

4.3. *Economic and social impacts*

4.3.1. It is clear that many of the proposed rules will require major changes in fishing methods and gears, which will have a tangible socioeconomic impact. The Commission recognises that the new CFP-related challenges will have a considerable short-term impact on the fisheries sector; nonetheless, this sector will benefit in the long term. To date, however, the Commission has not made any attempt to estimate the short-term social and economic costs that implementing the proposal would entail. The Committee is of the opinion that the lack of this information is standing in the way of determining whether the proposal strikes a reasonable balance between safeguarding the fisheries sector's short- and medium-term interests and conserving fishery resources.

4.3.2. To counteract the short-term negative effects (e.g. reduction in catches of targeted species and new expenditure to purchase equipment) on both shipowners and fishermen, the Committee considers it appropriate to support the catching sector by means of the European Maritime and Fisheries Fund (EMFF).

4.3.3. The EESC finds that the proposal does not provide any kind of impact assessment on safety at sea. The new fishery policies pose potential risks to crew safety (e.g. longer working hours for processing bycatches) and to the safety of vessels (e.g. the stability of boats due to increased bycatches), which should be analysed and taken into account.

4.4. *Implementation and compliance*

4.4.1. The new basic CFP regulation ⁽⁵⁾ provides for various technical and conservation measures in order to achieve the abovementioned objectives. The most important measure to achieve this aim would be multiannual plans, which will establish the framework for the sustainable exploitation of the stocks and marine ecosystems concerned and, in particular, should include appropriate technical measures (Article 10(1)(f)).

4.4.2. The Commission believes that the proposal is needed to ensure legal certainty while awaiting the approval of multiannual management plans, thus providing a transitional solution regarding how to adapt the current legal system to the new CFP requirements as regards technical measures. The EESC is of the opinion that this transition is necessary.

4.4.3. The Committee signals that in order to properly develop and implement regionalisation, the EC should put forward both multiannual plans and discard plans based on the Member States' joint recommendations in order to avoid reverting to micromanagement. The EC should limit its role to monitoring and managing the compatibility of Member States' proposals with the aim of achieving the CFP objectives. This will ensure that these measures to adapt to the new realities of fishing will be swiftly adopted, by means of a 'bottom-up' approach that will gain greater acceptance in the industry.

4.5. *Regionalisation and the decision-making process*

4.5.1. The Committee agrees that in order to avoid a legal vacuum, it is vital to maintain some basic common measures — limited to setting common definitions, principles and objectives in line with the new CFP — that are applicable to all fisheries and regions.

4.5.2. However, the Committee wishes to emphasise the fact that the current model of fisheries management will change dramatically once all the successive legislative phases of the LO enter into force. The approach will shift its emphasis from landings of fish to focus on catches. Thus it is of the utmost importance that the co-legislators avoid repeating the mistakes of the past; they must accept that prescriptive EU technical measures are decided at regional level, in close consultation with those who must implement and comply with the rules on a daily basis.

4.5.3. In addition, the EESC believes that the Commission should foster a climate of trust, enabling fishermen to exercise the freedom to choose the most appropriate tools to achieve greater selectivity and to reduce incidental catches. It must not be forgotten that fishermen will be fully responsible for the catches made, and not for what they land; thus they must be allowed to decide on the best selective measures.

4.5.4. Unfortunately, the Commission has not applied this approach in a harmonised way when it comes to freely choosing optimal mesh size, and there are differences in the text regarding the mesh size for small pelagic species and demersal species. There has been a drastic reduction in the mesh size for pelagic species, while for demersal species, it has increased. This regulation must not be used to increase the minimum mesh sizes currently used by fishermen without proper justification. We must not forget that fishermen seek the maximum economic benefit from the sale of the species they catch and they will try not to catch non-target species and juvenile fish as they will be deducted from their quotas and may only be sold to produce meal, oil, or similar products with a very low value at first sale.

4.5.5. Regionalisation entails more stakeholder involvement. Legislating in close cooperation with Member States, advisory councils, those working in the fishing industry, scientists, and other stakeholders has many advantages, including: clearer and simpler rules that are better tailored to the specificities of each basin and fishery; high level of compliance

⁽⁵⁾ Regulation (EU) No 1380/2013, Article 7.

among fishermen; easier applicability by inspectors; more credibility and legitimacy for the policies; better alignment with environmental objectives; and increased selectivity of fishing. The Committee therefore recommends that the technical measures regarding fishing gears be developed and adopted at local and regional level.

4.5.6. A good example to demonstrate the negative effects of not complying with the previous approach can be found in the Mediterranean fleet, which has experienced serious difficulties due to the introduction of specific and obligatory rules⁽⁶⁾, such as reducing twine thickness. This technical measure has caused problems for the safety and manoeuvrability of boats; significantly more tears in nets due to the fact that the netting is weaker and less resistant; and a reduction in catch price and an unnecessary increase in discards due to the damage caused by using such a fine and sharp thread.

4.6. Incentives for fishermen: elimination, reduction and prevention of unwanted catches

4.6.1. The Committee believes that the full participation of the fishing industry in the decision-making process, via its employers' associations and trade unions, will provide a huge incentive to achieve the highest levels of compliance and better understanding of the rules.

4.6.2. Recital 21 of the proposal stipulates that Member States should put in place measures, such as storage and finding commercial outlets for unwanted species, to assist the catching sector in implementing the LO. However, support for investment in the construction and adaptation of landing sites is the only element that is specifically mentioned. The Committee believes that on-board investments for the storage, processing and added value of unwanted catches should also be mentioned.

4.6.3. Moreover, adapting vessels to the discard ban is hampered by the size limits (GT) imposed by the CFP: irrespective of the greater selectivity of the fishing gears used, the discard ban will lead to more unwanted catches that must be stored and/or processed on board. Given this state of affairs, the Committee suggests making the system more flexible⁽⁷⁾. Therefore, it recommends that any renovations or alterations of a vessel that increase its size (due to the installation of additional storage or equipment to process unwanted catches) should be entered in a separate register or on a separate line of the register recording the total tonnage of fishing vessels.

4.6.4. Furthermore, the Committee believes that an increase in size should not be considered as an increase in fishing capacity. Thus the procedure set out in the preceding paragraph should also apply, when a vessel is being renovated, to an increase in size caused by measures to improve crew safety and on-board working conditions and accommodation, provided that this increase in size does not increase the vessel's capacity to catch fish.

4.6.5. The fishing industry has made enormous efforts in recent years to develop high-tech fishing methods to minimise discards and their potential environmental impact. Indeed, the STECF has repeatedly emphasised that 'more has been achieved in terms of improved selectivity in the last four years than in the previous twenty years'. However, the Committee insists on the need to dedicate more effort and funding to demersal fisheries in order to promote technological progress in terms of selectivity.

4.6.6. The EESC reiterates the importance of not using this regulation in order to alter — without the necessary justification — the minimum sizes that are applied for certain species. On the one hand, the size is being increased in some cases, such as the Mediterranean red sea bream, while this minimum size is being expanded into areas where there had previously been no plans to apply it (western waters). In the case of bass, the increased size approved in late 2015 for some areas (north western waters) is being expanded into areas that were not included in this rule (south western waters).

⁽⁶⁾ Regulation (EC) No 1967/2006.

⁽⁷⁾ In line with the proposal for a recommendation of the Pelagic Advisory Council V1 2015 04 18.

5. Specific comments on individual articles

5.1. Article 6

In view of the confusion that many unclear definitions cause in the sector concerned, the EESC believes that when these definitions relate to fishing gear, or a part of fishing gear, they should refer readers to an annex with diagrams that enable the meaning to be understood more easily, a method used by the Commission itself in Figure 2 of Appendix 1 of Regulation (EC) No 2187/2005 of the Council, which is to be repealed by the new regulation on technical measures.

5.2. Article 13

Article 13(2) concludes by stating that 'the Commission shall give particular attention to the mitigation of negative effects of the displacement of fishing activity to other sensitive areas', which can be understood in the context of protecting sensitive habitats; thus a map of the areas to be protected would be needed so as to enhance knowledge of the seabed, rather than a blanket prohibition of the fleet's activities, which are highly dependent on finding new fishing zones for the species that it catches, something which the new LO policy would force it to do. The EESC believes that the Commission should carry out comprehensive mapping of all vulnerable marine areas in order to know exactly what is being protected and to what end. This is also important in terms of mitigating not only the environmental effects but also the socioeconomic effects of the potential closures of fishing zones, with the aim of ensuring full sustainability.

5.3. Article 17

The Committee is concerned about the content of Article 17(2) of the proposal, since the European fleet also catches a number of species that are not subject to the system of TACs and commercial value quotas, species that help businesses realise a financial benefit from the fishing trips carried out by their fishing boats. Thus it would be highly advisable to take into account the fact that these species⁽⁸⁾, despite not being subject to TACs, are part of the fleet's normal catches and are therefore species of interest.

5.4. Article 37

The European Commission does not make any reference to on-board investments for the storage, processing and added value of unwanted fish; moreover, it actually rules out any opportunity of physical or chemical processing in order to produce fish meal or fish oil on board. There is little incentive for fishermen to keep unwanted fish on board when the sale price for non-human consumption is around one euro cent per kilogram. For this reason, the Committee would support the deletion of Article 54a proposed as part of this Article.

6. Specific comments on the annexes

6.1. North western waters (part B of Annex VI)

6.1.1. The EU should foster a climate of trust, enabling fishermen to exercise the freedom to choose the most appropriate tools to achieve greater selectivity and to reduce bycatches. It must not be forgotten that fishermen will be fully responsible for the catches made, and not for what they land; thus they must be allowed to decide on the best selective measures.

6.1.2. In the annex, the European Commission expects trawlers to start using towed gears with 120 mm codends, which will undoubtedly lead to the disappearance of this fleet, since using a mesh size of 100 mm (which is used in the biologically sensitive area) reduces catches by 35 % compared to using an 80 mm mesh.

6.1.3. The Committee cannot agree with the introduction, without any justification, of new areas for the use of mitigation measures for cetaceans, nor with the inclusion, with no further discussion, of measures to avoid incidental catches of seabirds, as this requires further analysis and scientific justification.

⁽⁸⁾ We refer, for example, to gurnards (*Triglidae*), common squid (*Loligo* spp.), conger (*Conger conger*), common cuttlefish (*Sepia officinalis*), John Dory (*Zeus faber*) witch flounder (*Glyptocephalus cynoglossus*), Atlantic pomfret (*Brama brama*), shortfin squid (*Illex* spp.), black scabbardfish (*Aphanopus carbo*), and even great scallops (*Pecten maximus*).

6.2. *South western waters (part B of Annex VII)*

6.2.1. The Committee does not agree with increasing the minimum mesh size for codends designed to catch all demersal species. Increasing mesh size from 70 mm to 100 mm amounts to sending boats out to fish for water and will cause them to disappear entirely. The working method, the scarcity of discards in these fisheries, and the variety of target species are all arguments in favour of retaining the 70 mm mesh.

6.2.2. In terms of the measures aimed at reducing incidental catches of cetaceans and seabirds in the ICES subareas VIII and IXa, the Committee feels that the Commission should provide the necessary scientific justification before approving them, since these measures were previously rejected due to the absence or limited presence of cetaceans and seabirds in these waters.

6.3. *Mediterranean Sea (part B of Annex IX)*

6.3.1. With regard to prohibiting the use of nets with a twine thickness of more than 3 mm, the Committee believes that, in line with the scientific study carried out by the Spanish Oceanographic Institute (IEO), this thickness should be changed to 5 mm, since retaining this thickness is not justified in terms of conservation and will only cause economic damage, as nets will tear more frequently.

6.3.2. Regarding the ban on having on board or setting more than 250 pots or creels per vessel to catch deepwater crustaceans (including *Plesionika* spp.), the Committee believes that, in the case of this species of shrimp, it should be possible to maintain the number of pots or creels currently authorised, i.e. 1 500 pots or creels. Existing scientific studies indicate that the current level of catches allows for a total biomass which is above the biomass maximum sustainable yield and demonstrate that, under current conditions, the activity is sustainable and is being performed responsibly.

Brussels, 13 July 2016.

The President
of the European Economic and Social Committee
Georges DASSIS

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 an EU Action Plan against Wildlife Trafficking

[COM(2016) 87 final]

(2016/C 389/10)

Rapporteur: Cillian LOHAN

On 4 March 2016, 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 an EU Action Plan against Wildlife Trafficking

[COM(2016) 87 final].

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 30 June 2016.

At its 518th plenary session, held on 13 and 14 July 2016 (meeting of 14 July), the European Economic and Social Committee adopted the following opinion by 143 votes in favour without abstentions.

1. Conclusions and recommendations

1.1. The EESC welcomes the Commission's proposal on an EU Action Plan against Wildlife Trafficking and is pleased to note the inclusion of a number of key proposals set out in its previous opinion on this issue.

1.2. The Committee considers the holistic approach, including a worldwide alliance involving source, transit and demand countries, to be a fundamental cornerstone in fighting the direct and indirect impacts of wildlife trafficking.

1.3. The EESC identifies different priority actions for different levels of the supply chain in trafficking.

— At the community level in source countries, the priority must be both awareness and creation of sustainable sources of jobs and income.

— At the organised crime level, the priority is both enforcing a system of common, effective, proportional and dissuasive controls and sanctions, and providing the resources for the policing efforts.

— At the demand level, both from the perspective of businesses and consumers, the priority must be awareness-raising, traceability and labelling. This should be applied specifically at European level.

— At the judiciary level, the priority must be on enforcement through focused training of judges to ensure that there is consistency and proportionality in sentencing.

1.4. The EESC believes that structured dialogue and cooperation with third countries should be enforced by including the fight against wildlife trafficking as a prerequisite for all EU bilateral and multilateral trade agreements. The impact of EU foreign policies directed towards sustainable development in third countries will have to be measured firstly in terms of quality of life and alternative sustainable sources of income and employment for the rural populations, in line with the UN 2030 Sustainable Development Agenda.

1.5. The Committee, in line with the London Declaration, underlines the need for a labelling and traceability system to guarantee that trade in wildlife is lawful and sustainable.

1.6. The EESC regrets the absence in the Commission proposal of any reference to the threat represented by wildlife trafficking to public health and to native animal and plant species. The Committee emphasises that the labelling and traceability systems mentioned earlier, together with an appropriate veterinary and plant health control mechanism, can help to counter the emergence and spread of such diseases around the world.

1.7. The Committee proposes that the Commission should place much greater importance on the impact of e-commerce on wildlife trafficking and implement specific measures to protect the legal and sustainable wildlife trade from the illegal trade, run through a distorted use of e-commerce websites and social media or with specific illicit networks created in the deep-web.

1.8. The EESC highlights the importance of the upcoming 17th meeting of the Conference of the Parties (CoP17) to CITES and urges the EU to take a strong position to support the objectives of this Action Plan. The EESC calls for the Commission to support the proposal for the closure of domestic markets for ivory as a critical contribution to the prevention of the threat of extinction to African elephants.

2. Introduction

2.1. Wildlife trafficking is not a new phenomenon⁽¹⁾, but its scale, nature and impact have changed considerably in recent years⁽²⁾. Its fast and wide growth make the trafficking of wildlife one of the most serious forms of organised crime together with trafficking in human beings, drugs and weapons, with an estimated turnover of between EUR 8 and EUR 20 billion per year.

2.2. Wildlife trafficking has become one of the most profitable illegal activities in the world thanks to strong demand⁽³⁾ and low risk (detection and sanctions). In comparison with other types of crime, it is assigned much lower priority and far fewer resources are committed to combating it. Sanctions applied are inconsistent and uneven, even within the EU, which encourages international criminal organisations to move to countries with less severe penalties or where the competent authorities are less effective.

2.3. The impact of wildlife trafficking is measurable and visible, and not only from an environmental point of view⁽⁴⁾. For this reason, loss of biodiversity, deforestation⁽⁵⁾, potential extinction of the most iconic species⁽⁶⁾ and fish stocks reduction⁽⁷⁾ are just a partial consequence of an even more dangerous phenomenon.

⁽¹⁾ The definition of wildlife trafficking covers the international and non-international illegal trade in wild animals, plants and derived products, and closely linked offences such as poaching.

⁽²⁾ Between 2007 and 2013, poaching increased to such an extent that it cancelled out the recovery achieved over the previous three decades, representing a real threat to biodiversity conservation and sustainable development. For instance, every year between 20 000 and 25 000 elephants are killed in Africa for ivory, and as many as 100 000 were killed between 2010 and 2012 alone.

⁽³⁾ Trafficking is on the rise, driven by the growing demand for wildlife products such as ivory, rhinoceros horn and tiger bones, especially in certain Asian countries (e.g. China and Vietnam).

⁽⁴⁾ The impact of wildlife trafficking on nature can be amplified by other factors such as globalised consumption, unsustainable soil use, climate change, over-exploitation of medicinal plants and intensive tourism, involving hunting.

⁽⁵⁾ Illegal logging accounts for up to 30 % of the global timber trade and for more than 50 % of deforestation in Central Africa, the Amazon and South East Asia, depriving indigenous populations of important opportunities for sustainable development.

⁽⁶⁾ Due to poaching, the Western Black Rhinoceros was declared extinct by the International Union for Conservation of Nature and Natural Resources (IUCN) in 2011.

⁽⁷⁾ Illegal fishing is estimated to account for 19 % of the reported value of catches.

2.4. Wildlife trafficking is closely connected to other illegal activities of international criminal organisations, including money laundering and corruption, as highlighted in the recent United Nations Office on Drugs and Crime (UNODC) report ⁽⁸⁾.

2.5. Wildlife trafficking is a danger to global security. It fuels conflicts and threatens regional and national security by providing a source of funding for militia groups and terrorist networks ⁽⁹⁾.

2.6. Wildlife trafficking poses a threat to public health and to native animal and plant species. Avoiding proper plant health controls exposes native species to significant risk of contagion from new pathogens ⁽¹⁰⁾. An estimated 75 % of emerging infectious diseases are of animal origin, the majority of which originate in wildlife ⁽¹¹⁾.

2.7. The theft of endangered species is another relevant problem that has not been sufficiently highlighted. In EAZA ⁽¹²⁾ zoos, 739 animals of 44 species have been stolen since 2000, with many of them never retrieved. Endangered primate and bird species have been popular targets, and this creates welfare and biodiversity problems for the breeding programmes of these rare species.

2.8. The Convention on International Trade in Endangered Species (CITES) is critical in the fight against wildlife trafficking. In 2013, the UN launched a strong political campaign ⁽¹³⁾ on this subject culminating in the first specific Resolution adopted by the General Assembly in July 2015 ⁽¹⁴⁾. As a result, the international community started a parallel pathway aiming to create a worldwide alliance that involves wildlife source, transit and destination countries, which led to the signing of the London Declaration ⁽¹⁵⁾ in February 2014.

2.9. The EU, as a major destination for illegal wildlife products as well as a vital hub for trafficking originating in Africa, Latin America and Asia, has a key role to play. In 2014, the European Parliament urged the Commission to draw up an EU action plan to tackle illicit trafficking in wildlife ⁽¹⁶⁾. The resulting Commission communication on the EU approach against wildlife trafficking ⁽¹⁷⁾ was strongly supported by the EESC in an opinion ⁽¹⁸⁾.

2.10. Business sectors are directly or indirectly affected by illicit wildlife trafficking, both the enterprises involved in legal and sustainable wildlife trade (i.e.: luxury industry, pet sector and traditional Chinese medicine) and also the enterprises indirectly involved (i.e.: transport companies, couriers and online trading companies). In recognition of this, many companies have introduced a range of initiatives against illegal wildlife trafficking such as certification schemes and individual or multiple company CSR ⁽¹⁹⁾.

⁽⁸⁾ UNODC, World Wildlife Crime Report: Trafficking in protected species, 2016.

⁽⁹⁾ European Commission, Communication on an Action Plan for strengthening the fight against terrorist financing, COM(2016) 50 final

⁽¹⁰⁾ OJ C 424, 26.11.2014, p. 52.

⁽¹¹⁾ WWF Report — http://awsassets.panda.org/downloads/wwffightingillicitwildlifetrafficking_lr.pdf

⁽¹²⁾ The European Association of Zoos and Aquaria (EAZA) is the leading organisation in this sector, with 377 member institutions in 43 countries throughout Europe and the Middle East.

⁽¹³⁾ A Resolution, adopted in 2013 by the UN Commission for Crime Prevention and Criminal Justice and endorsed by the UN Economic and Social Council, identified wildlife trafficking as a form of 'serious organised crime' committed by the same types of global organised criminal groups as those responsible for activities such as trafficking in human beings, drugs and firearms.

⁽¹⁴⁾ UN Resolution 69/314, *Tackling illicit trafficking in wildlife*, 30 July 2015.

⁽¹⁵⁾ The London Declaration was signed by Heads of State, ministers and representatives of 46 countries at the Conference on the Illegal Wildlife Trade in 2014. The declaration sets new standards in combating wildlife trafficking, including amending current legislation to categorise poaching and wildlife trafficking as 'serious crimes', banning the use of species threatened with extinction, strengthening cross-border cooperation and coordinating wildlife enforcement networks.

⁽¹⁶⁾ European Parliament resolution of 15 January 2014 on wildlife crime (2013/2747(RSP)).

⁽¹⁷⁾ Communication from the Commission to the Council and the European Parliament on the EU Approach against Wildlife Trafficking — COM(2014) 64 final.

⁽¹⁸⁾ See footnote 10.

⁽¹⁹⁾ Ricardo Energy & Environment 'Strengthening cooperation with business sectors against illegal trade in wildlife'. Report for EC DG Environment, 2015.

3. Summary of the Commission proposal

3.1. The Action Plan aims to improve cooperation between all the players concerned, make more effective use of existing tools and policies, and strengthen synergies between them. The results achieved by the action plan will be evaluated in 2020.

3.2. The measures are based on three priorities:

- Preventing wildlife trafficking,
- Implementing and enforcing existing rules,
- Strengthening the global partnerships between source, consumer and transit countries.

3.3. In order to tackle the causes of wildlife trafficking, the EU will focus on four areas:

- Reduce the demand,
- Involve rural communities in wildlife conservation,
- Increase business-sector engagement,
- Tackle corruption.

4. General comments

4.1. The EESC welcomes the Commission's proposal and considers the EU Action Plan against Wildlife Trafficking to be an essential tool for tackling this vast and dangerous phenomenon. The analysis of the failures of existing structures to combat the growth in wildlife trafficking in the accompanying staff working document should help inform any future additional assessments and actions⁽²⁰⁾.

4.2. The Committee is pleased to note the inclusion of a number of key proposals set out in its previous opinion on wildlife trafficking⁽²¹⁾.

4.3. The EESC considers the holistic approach to be a critical cornerstone of the EU Action Plan due to the complex multi-faceted dimensions of wildlife trafficking and its direct and indirect impact.

4.4. The EESC agrees that the starting point for the strategy will be compliance with, and reinforcement and coordination of, existing international agreements (particularly CITES), laws, regulations, policies and enforcement instruments, in the form of closer integration of all the relevant sectors — environmental protection, customs controls, the courts, business interests, combating organised crime, etc. — and more effective cooperation between the authorities in wildlife source, transit and demand countries.

4.5. The Committee believes that the EU will not be able to fight effectively against organised wildlife crime until certain goals (referred to in the Annex to the proposal) have been achieved:

- All Member States must comply as soon as possible with existing EU wildlife legislation.

⁽²⁰⁾ European Commission, Analysis and Evidence in support of the EU Action Plan against Wildlife Trafficking, Commission Staff Working Document, SWD (2016) 38 final.

⁽²¹⁾ See footnote 10.

- Improve a joint mechanism for cooperation, coordination, communication and data flow between the competent enforcement agencies in the Member States, with a specific strategy on cross-border operations and investigations, including developing a common register of traffickers.
- Undertake an appropriate system of uniform and regular training and awareness-raising targeting the entire enforcement/judiciary chain involved in combating wildlife trafficking, including experts in organised crime, cybercrime and related illicit financial flows.
- Member States will have to bring their legislation into line with international agreements, ensuring that wildlife trafficking is a serious crime punishable by imprisonment for at least four years and including it among crimes covered by measures combating money laundering and corruption.

4.6. The proposal to create a worldwide alliance against wildlife trafficking in order to establish a structured dialogue and cooperation with source, transit and consumer countries, including national governments, local communities, civil society and the private sector, will greatly support the aims of the Plan.

4.7. The EESC identifies different priority actions for different levels of the supply chain in trafficking.

- At the community level in source countries, the priority must be both awareness and creation of sustainable sources of jobs and income.
- At the organised crime level, the priority is both enforcing a system of common, effective, proportional, and dissuasive controls and sanctions, and providing the resources for the policing efforts.
- At the demand level, both from the perspective of businesses and consumers, the priority must be awareness raising, traceability and labelling. This should be applied specifically at European level.
- At the judiciary level, the priority must be on enforcement through focused training of judges to ensure that there is consistency and proportionality in sentencing.

4.8. The EESC agrees that more funds and more targeted initiatives are needed to combat illegal wildlife trafficking in source countries. For example, the EESC supports the Commission's proposal to make the fight against wildlife trafficking a prerequisite for all EU bilateral and multilateral trade agreements.

4.9. The Committee considers the role of civil society in tackling and preventing wildlife trafficking to be crucial in both source and demand countries. The Committee attaches particular importance to the active and conscious involvement of consumers and the private sector in order to encourage sustainable sourcing of wildlife products, supported by the introduction of a labelling and traceability system.

4.10. The EESC believes that rural populations must be involved in effective development pathways so that they can benefit from wildlife protection (e.g. eco-tourism). The transition to a sustainable economy in third countries will have to be measured and evaluated firstly in terms of quality of life and employment opportunities, and will have to be in line with the UN 2030 Sustainable Development Agenda and the related Sustainable Development Goals (SDGs).

4.11. The EESC highlights the need to provide third country populations involved in the earliest stages of wildlife trafficking with alternative sustainable sources of income and employment. This can take the form of eco-tourism or indeed of maximising the return opportunities from ecosystem services of the local habitat and wildlife.

4.12. The EESC highlights the need for engagement with the business sector to facilitate a two-way discussion and flow of information in order to ensure the business sector plays a positive role in fighting wildlife trafficking. A strategy for dealing with these problems cannot take place in a vacuum that excludes private business.

5. Specific comments

5.1. The EESC proposes to undertake a broad European awareness-raising campaign in order to involve consumers and the private sector in reducing the supply and demand of illegal wildlife products. Due to the broad definition of 'wildlife trafficking', the Committee recommends focusing on non-iconic plants and animals ⁽²²⁾ and derived products ⁽²³⁾ as well.

5.2. The EESC reiterates its willingness to support and participate in initiatives the EU may wish to undertake, e.g. drawing on the EU-Africa network of economic and social players set up at the Committee. The EESC would welcome any initiative by the Commission to establish a forum for discussion on the implementation of the Action Plan and would also be open to the option of hosting an event on this.

5.3. The EESC echoes the London Declaration, calling for specific measures to ensure that the private sector acts responsibly and for a labelling and traceability system to guarantee that trade in wildlife is lawful and sustainable, both economically and environmentally and from the point of view of local communities. The systems currently in place for trade in caviar and tropical wood can be taken as a reference in this regard ⁽²⁴⁾. The Zoological Information Management System (ZIMS) used by the European Association of Zoos (EAZA), could be a good reference for a common traceability system for live animals.

5.4. The Committee regrets the absence in the Commission proposal of any reference to the threat represented by wildlife trafficking to public health and to native animal and plant species. This issue is highly relevant and so the EESC urges that it be included in the EU Action Plan. The Committee emphasises that the labelling and traceability systems mentioned earlier, together with an appropriate veterinary and plant health control mechanism, can help to counter the emergence and spread of such diseases around the world. Cooperation with the European Centre for Disease Prevention and Control (ECDC) should be strengthened.

5.5. The new frontier of illegal wildlife trade is e-commerce. The EESC notes that there are several illegal e-commerce tools such as the distorted use of trading websites and social media forums or restricted specialised online platforms created in the deep-web. As regards the first case, the Committee underlines a number of best practices that should be taken into consideration by the European Commission, such as the agreement signed in June 2013 between the Italian Forestry Corps and the two main online advertising sites, 'eBay annunci' and 'Subito.it' ⁽²⁵⁾; more information is included for the benefit of consumers and offers considered to be suspicious can be swiftly removed. The agreement also enables advertisements to be filtered, allowing only those guaranteeing traceability of the object on sale. As regards the deep-web, the EESC proposes the creation of a specific task-force with the support of cybercrime experts.

5.6. The EESC highlights the importance of the 17th meeting of the Conference of the Parties (CoP17) to CITES, taking place in September/October 2016 in South Africa. The EU holds 28 votes and must reflect the strong positions taken by this Action Plan. Some of the proposals already put forward by the Commission will assist in tackling wildlife trafficking, including the addition of an increased number of relevant species to the CITES list. The EESC calls for the Commission to support the proposal for the closure of domestic markets for ivory as a critical contribution to the prevention of the threat of extinction to African elephants.

Brussels, 14 July 2016.

The President
of the European Economic and Social Committee
Georges DASSIS

⁽²²⁾ CITES has three appendices, which list categories of species depending on the degree of protection required, i.e. depending on how threatened they are by international trade. The appendices contain approximately 5 600 species of animals and 30 000 species of plants, protecting them against over-exploitation through international trade. This means that lesser known and less iconic species such as pangolins — one of the most trafficked species — are also threatened by illegal trade.

⁽²³⁾ The wildlife trade can involve live animals and plants but also a range of derived products due to their many potential uses (ingredients for traditional medicine, food, fuel, fodder, building materials, clothes and ornaments, etc.). <http://www.traffic.org/trade/>

⁽²⁴⁾ CITES includes a universal labelling system for the identification of caviar, which can only be imported after the appropriate permits have been obtained from the relevant authorities (www.cites.org/common/resource/reg_caviar.pdf). Concerning trade in the forestry sector, EU legislation seeks to deter trafficking in tropical wood by supporting the introduction of national traceability systems.

⁽²⁵⁾ 'Ebay Annunci' and 'Subito.it' manage 90 % of Italian e-commerce advertisements <http://www.corpoforestate.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/7388>

Opinion of the European Economic and Social Committee on the proposal for a Regulation of the European Parliament and of the Council laying down rules on the making available on the market of CE marked fertilising products and amending Regulations (EC) No 1069/2009 and (EC) No 1107/2009

[COM(2016) 0157 final — 2016/0084 (COD)]

(2016/C 389/11)

Rapporteur: Cillian LOHAN

On 8 April 2016 the Council, and on 11 April 2016 the European Parliament, decided to consult the European Economic and Social Committee, under Articles 114 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 laying down rules on the making available on the market of CE marked fertilising products and amending Regulations (EC) No 1069/2009 and (EC) No 1107/2009

[COM(2016) 0157 final — 2016/0084 (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 30 June 2016.

At its 518th plenary session (meeting of 14 July 2016), the European Economic and Social Committee adopted the following opinion unanimously by 184 votes.

1. Conclusions and recommendations

1.1. The EESC welcomes the Commission proposal aiming to improve the functioning of the internal market in the sector of fertilisers in line with the Circular Economy Action Plan. The EESC believes that this approach, if widely extended to other sectors, can contribute to environmental sustainability at large, including economic development, and job creation and environmental protection.

1.2. The Committee supports the proposal to extend the scope of the existing regulation, creating a harmonised level playing field for organic-origin and waste-based fertilisers and removing the limits to innovation. Nevertheless, the EESC recommends maintaining and applying all the key principles of environmental protection, including the precautionary principle.

1.3. The EESC agrees with the creation of an efficient system of control, labelling and traceability to ensure the quality and safety of products that engages all the parties involved. The Committee suggests applying the labelling system already in use for plant protection products in order to provide clear information about fertiliser use and conservation. Moreover, the EESC recommends establishing an official analysis method to verify the credentials of any labelling system and to ensure that there is adequate robustness in the integrity of any labelling applied.

1.4. The Committee observes that soil fertility and protection is a key aspect of the Commission proposal, but notes that this goal will be hard to achieve without a Soil Framework Directive. Moreover, it highlights the need to bear in mind the differences in soils among Member States, which should entail the adoption of targeted standards.

1.5. The Committee endorses the proposal to set limits in order to reduce cadmium and other heavy metals in fertilisers. The EESC, conscious that this decision will increase production costs of fertilisers whose source of phosphate is mined bedrock, would emphasise that this is a major opportunity for organic biological based fertilisers to achieving a significant market share. This will in turn create further opportunities and help drive innovation, growth and job creation.

1.6. The EESC recognises that producers can choose to comply with European or national laws in labelling but, due to the potential impact of diverging national rules and standards on market distortion and fragmentation, it would highlight the importance of an approach that avoids unfair competition and non-compliance with the highest traceability, quality and safety standards.

1.7. The Committee observes that some definitions and standards concerning fertilisers originating from secondary raw materials are not clear. Specifically, a definition of 'secondary raw materials' will be essential as directives and regulations relating to the principles of a circular economy are proposed. In order to improve implementation of the new regulation, the EESC recommends more thorough integration and harmonisation with the existing Directive on Waste.

1.8. The Committee considers the transition to a circular economy to be a crucial challenge for Europe and future generations. In order to follow this pathway, it recommends providing incentives to encourage enterprises that are interested in changing their production, and undertaking initiatives aiming to support the change in the field of information, raising awareness, education and vocational training.

1.9. Member State strategies on wastewater treatment, infrastructure and management should recognise the value of waste water and sludge as sources of raw materials for the organic fertiliser industry.

1.10. Regional scale collection and production supported by distribution networks across the Member States should form an integral part of the structure of an organic based fertiliser market.

2. Introduction

2.1. The Commission proposal has been developed in order to offer concrete solutions to the problems that emerged in the *ex-post* evaluation ⁽¹⁾ of the existing Regulation on Fertilisers ⁽²⁾, in the wider framework of the Circular Economy Action Plan ⁽³⁾.

2.2. In particular, the proposal aims to address two self-evident problems which affect the internal market in the fertiliser sector:

- competition between fertilisers sourced from domestic organic or secondary raw materials in line with the circular economy model and those produced in line with a linear economy model is tilted in favour of the latter ⁽⁴⁾. This competition distortion ⁽⁵⁾ hampers investment in more sustainable products and impedes the transition to the circular economy ⁽⁶⁾;
- the existing regulation fails to address specific concerns and limits with respect to EC-fertilisers' impact on soil, inland and sea waters, and food. In the absence of direction at EU level, Member States have established unilateral limits, specifically for the concentration of cadmium in inorganic phosphate fertilisers, exacerbating market fragmentation.

⁽¹⁾ Centre for Strategy and Evaluation Services (CSES), Evaluation of Regulation (EC) No 2003/2003 relating to Fertilisers — Final Report, 2010.

⁽²⁾ EC 2003/2003.

⁽³⁾ COM(2015) 614/2.

⁽⁴⁾ The Commission estimates that inorganic fertilisers account for 80 % of market value, while organic and organo-mineral fertilisers together account for 6,5 %, and growing media, soil improvers and liming materials represent about 10,5 % of market value. Plant bio-stimulants and agronomic additives, although accounting for only 3 % of market value, are seen as having a strong market development potential.

⁽⁵⁾ The existing Regulation ensures free movement only for the fertilisers included in Annex I. Getting the label 'EC-fertiliser' basically requires an amendment to Annex I, but it is so complicated that 50 % of the fertilisers currently on the market are left out of the scope of the Regulation, the great majority of which are produced from organic materials or recycled bio-waste from the food chain.

⁽⁶⁾ The Commission underlines a three-fold challenge connected with fertiliser use: 1) nutrients are lost in the environment, with high costs in terms of health and damage mitigation; 2) phosphorus is a critical raw material that comes from outside Europe — 90 % of phosphate fertilisers are imported from third countries; 3) cadmium is a crucial component of phosphate fertilisers whose impact on the environment is particularly dangerous.

2.3. The key points of the Commission proposal are:

- making the 'EC-fertiliser' ⁽⁷⁾ label more accessible and creating a harmonised level playing field for the most innovative and sustainable fertilisers, including those produced from organic materials (including bio-waste and animal by-products) or secondary raw materials. Products that aim to improve the efficiency of plants' nutrition processes, such as agronomic additives and plant bio-stimulants ⁽⁸⁾, will be also included among CE marked fertilising products;
- ensuring that products placed on the market are safe and high-quality, by means of an adequate system of controls, labelling and traceability that will involve manufacturers, importers, distributors and economic operators ⁽⁹⁾, modernising the conformity assessment and market surveillance in line with the 'new legislative framework' for product legislation. The existing option for manufacturers to choose whether to comply with the new harmonised requirements or with national rules ⁽¹⁰⁾ will be kept;
- setting limits for heavy metals (specifically cadmium ⁽¹¹⁾) and contaminants in fertilising products in order to boost investment in more sustainable fertilisers.

2.4. According to the Commission, the proposal would deliver a range of benefits, including:

- creation of about 120 000 jobs thanks to bio-waste recycling in organic fertilisers;
- reduced dependency on non-domestic raw materials (for instance phosphate): recycled bio-waste could replace up to 30 % of inorganic fertilisers;
- reduction in greenhouse gas emissions and energy consumption caused by inorganic fertiliser manufacturing;
- reduction of pollution caused by excess nutrients, in particular ecosystem eutrophication;
- increased resource efficiency;
- overall reduction in compliance costs for economic operators;
- 65 % reduction in costs for industry to place new products on the market.

3. General comments

3.1. The EESC welcomes the Commission proposal, both for solving certain critical issues in the fertiliser market and for contributing to the transition to a circular economy.

3.2. The Committee reiterates its support for any initiative that aims to close the loop in the context of the Circular Economy Action Plan ⁽¹²⁾. The EESC considers the creation of a harmonised level playing field for organic origin fertilisers to be an important environmental goal, and also an important driver for economic development and job creation.

⁽⁷⁾ The 2003 Fertilisers Regulation created two different categories: 'EC-fertilisers' and 'non-EC fertilisers' (also known as 'national fertilisers'). The latter can be placed on national markets because they comply with national requirements and can also circulate on the EU market under the 2008 Mutual Recognition Regulation (EC) No 764/2008.

⁽⁸⁾ COM(2016) 157 final. Introduction points 14-15.

⁽⁹⁾ COM(2016) 157 final. Introduction points 23-27.

⁽¹⁰⁾ If manufacturers want to sell their products in other EU countries but do not want to CE mark their products, they may be able to do so, but this will depend on mutual recognition between the Member States.

⁽¹¹⁾ The limits for cadmium in fertilisers will be tightened from 60 mg/kg to 40 mg/kg after 3 years, and to 20 mg/kg after 12 years.

⁽¹²⁾ EESC opinion, Circular Economy Package (OJ C 264, 20.7.2016, p. 98).

3.3. The EESC endorses the need to remove the barriers that limit the free movement of secondary raw materials (including organic secondary raw materials) and innovation, while maintaining and applying all the key principles of environmental protection, including the precautionary principle.

3.4. The Committee supports the proposal to establish an effective system of controls, labelling and traceability to ensure the safety and quality of these products. In particular:

- applying the same labelling system as is already in use for plant protection products⁽¹³⁾ in order to provide farmers with clear information about fertiliser use and conservation;
- setting a common standard for presentation and communication of the information requested, as per Annex III;
- establishing official analysis methodologies, to verify the credentials of any labelling system and to ensure that there is adequate robustness in the integrity of any labelling applied.

3.5. The EESC recognises that producers can choose to comply with European or national laws in labelling, but would point out that diverging national rules and standards are one of the main causes of the current market distortion and fragmentation. For this reason it recommends a targeted approach in order to avoid new threats of unfair competition and non-compliance with the highest traceability, quality and safety standards.

3.6. The Committee observes that soil fertility and protection is a key aspect in the Commission proposal, but notes that this goal will be hard to achieve without a Soil Framework Directive that can set and enforce common standards for the sustainable use and protection of soil⁽¹⁴⁾. Moreover it highlights the need to bear in mind the existing differences in soils among Member States, which should entail the adoption of targeted standards.

3.7. The Committee agrees with the setting of limits in order to progressively reduce cadmium and other heavy metals in fertilisers. In the meanwhile, it is conscious that an immediate and radical reduction of cadmium levels in fertilisers will increase production costs and therefore the costs for farmers and consumers. In line with the disruptive processes that form part of a transition to a circular economic model, this cost shift, and consequent price shift, could form an economic tool to drive change at consumer or farmer level. Farmers must be protected from drastic price increases and therefore benefit from accessibility to fertilisers to meet their needs.

3.8. The EESC underlines that SMEs' competitiveness could be affected by the additional compliance costs⁽¹⁵⁾. Because of the strategic value of this Regulation, the Committee recommends providing incentives to encourage SMEs' transition to more sustainable production⁽¹⁶⁾. The EU DGs responsible for both research and agriculture will have key roles in this process.

3.9. The EESC considers that the transition to more sustainable fertilisers as well as to a circular economy requires a deep commitment from all parties involved (manufacturers, farmers, workers and consumers). Technical advice and best practices continue to evolve but are not always well communicated. As in other areas, information, awareness-raising campaigns, vocational training and life-long learning are essential⁽¹⁷⁾. The proposed Circular Economy Forum to be hosted at EESC as proposed in the NAT/676 opinion on the Circular Economy Package can help play a role in delivering on this.

⁽¹³⁾ Regulation (EU) No 547/2011.

⁽¹⁴⁾ EESC opinion, Thematic Strategy for soil protection (OJ C 168, 20.7.2007, p. 29).

⁽¹⁵⁾ European Commission, 'Competitiveness proofing — fertilising materials', 2013. This study indicates that for some companies, for instance SMEs producing compost, new compliance costs could amount to 10 % of production costs, with a direct impact on SMEs' competitiveness.

⁽¹⁶⁾ EESC opinion, Sustainable use of phosphorus, Point 3.4.4 (OJ C 177, 11.6.2014, p. 78).

EESC opinion, Organic production and labelling of organic products, Point 1.1 (OJ C 12, 15.1.2015, p. 75).

⁽¹⁷⁾ See footnote 12.

4. Specific comments

4.1. The EESC agrees that plant bio-stimulants should be included in the framework of CE marked fertilising products instead of plant protection products, amending Article 46 of Regulation (EC) No 1107/2009. Nevertheless, the Committee invites the Commission to monitor the process carefully in order to ensure that this is not used to circumvent the law on plant protection products, posing potential health and environmental threats.

4.2. The Committee believes that fertilisers originating from secondary raw materials may in the future constitute an important part of an integrated circular economy⁽¹⁸⁾. In order to improve harmonisation with the existing Waste Framework Directive⁽¹⁹⁾, the EESC suggests:

- making a clearer distinction between ‘agricultural material used in farming’ (excluded from the scope of the Waste Framework Directive) and the definitions of waste, by-product and end-of-waste status. These definitions are not always clear and may lead to missed opportunities for innovation;
- establishing a better definition of a by-product when it is used as fertiliser;
- introducing a further distinction between productive waste/by-products used directly in agriculture as fertiliser (i.e. faecal matter and digestate) and when such products are used as components.

4.3. End-of-waste status⁽²⁰⁾, as defined in the Commission proposal, applies to fertilisers and not to their components. The EESC suggests that this concept should apply to the components, because any recovery operations must be undertaken on the starting components and not on the fertilisers as final products.

4.4. The Committee is convinced that ‘nudge thinking’ could be a useful tool in achieving the general goal of a more efficient internal market in the context of the transition towards a circular economy, involving and addressing manufacturers, farmers and consumers and encouraging more sustainable choices and behaviours.

4.5. Municipal waste water has a potential as a secondary raw material for this emerging industry. Analysis of waste water infrastructure at Member State level should be encouraged in order to determine accurate cost-benefit analysis in investment in infrastructure development that prioritises the supply of high quality, well separated, nutrient rich waste water. Urine can provide a reliable source of phosphorus and nitrogen without the associated heavy metal concentrations found in bedrock deposits containing phosphates in particular.

4.6. Regional scale collection and production supported by distribution networks across the Member States should form an integral part of the structure of an organic based fertiliser market. This model can be complemented by a multitude of community-scale collection and, where feasible, production units.

4.7. The Committee notes that ambitious reductions in cadmium can more easily be achieved with a heavy focus on fertilisers with phosphate from sources other than cadmium contaminated mined rock.

4.8. Exemptions from the REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) legal framework need to extend beyond composts to encourage new market opportunities and innovation in areas such as struvite and related products.

4.9. The EESC encourages the Commission to include additional component material categories in the Annexes, to keep up with technological progress allowing the production of safe and effective fertilisers from recovered, secondary raw materials, such as biochar and ashes.

⁽¹⁸⁾ EESC opinion, The circular economy: job creation and the Green Action Plan for SMEs, point 2.8 (OJ C 230, 14.7.2015, p. 99).

⁽¹⁹⁾ 2008/98/EC. Article 2(1)(f).

⁽²⁰⁾ COM(2016) 157 final. Article 18.

4.10. The EESC encourages the Commission to create incentives to support the recycling of livestock manure under the principles of the circular economy. At the same time, it is important that we do not create systems that support the excessive production of manure. Other opinions on CAP reform ⁽²¹⁾ and the need to reform our agricultural systems highlight the need for a reduction in the concentrated manure producing regions as part of a total reform of our agri-food systems to a sustainable model.

Brussels, 14 July 2016.

The President
of the European Economic and Social Committee
Georges DASSIS

⁽²¹⁾ OJ C 354, 28.12.2010, p. 35.

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 — An Aviation Strategy for Europe

[COM(2015) 598 final]

(2016/C 389/12)

Rapporteur: Jacek KRAWCZYK

The Commission decided on 7 December 2015 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 — An Aviation Strategy for Europe

[COM(2015) 598 final].

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 21 June 2016.

At its 518th plenary session, held on 13 and 14 July 2016 (meeting of 14 July), the European Economic and Social Committee adopted the following opinion by 234 votes to 5 with 3 abstentions.

1. Conclusions and recommendations

1.1. The overarching goal for the EU Aviation Strategy (as defined in COM(2015) 599 final) — hereafter called 'the Strategy' — should be to improve investment climate to encourage more European investment in the EU aviation industry, increase competitiveness of the sector and its role for the economy, thus promoting overall economic growth and creation of new jobs.

1.2. The European Commission (the Commission) has rightly underlined the importance of aviation for the EU in terms of the growing need for mobility and connectivity, but also the importance of aviation for economic growth, as well as the number and quality of jobs it generates directly and indirectly. Tapping into the growth of global aviation is now rightly a priority of the EU players. The EU aviation should further look at the climate change challenges as opportunities for research and innovation.

1.3. The Strategy seeks to maintain high safety and security standards, reinforce the social agenda, create high-quality jobs in aviation and continue to protect passenger rights, but also to tackle the constraints on capacity in the air and on the ground, facilitate growth of the sector within Europe and internationally; promote innovation, multimodality as well as a forward looking climate change policy embedded in international consensus. However, the EESC encourages the European Commission to undertake further practical measures to prevent the negative effects on employment, as pointed out previously in opinion TEN/565 on Social dumping in the European civil aviation sector ⁽¹⁾, creating good quality jobs.

1.4. In order to successfully implement these ambitious and comprehensive objectives, the Strategy needs to be based upon a 'holistic' approach to aviation, which encompasses a new, deeper and multi-disciplinary evaluation of the sector. The EESC fully supports a holistic approach, which is necessary for further development of the aviation ecosystem.

1.5. The EESC commends the Commission for this political initiative; it places the multi-faceted role of aviation back on the political radar-screen, both within Europe and internationally, and it will sensitise regulators to the need for a broader review of the requirements of the aviation industry — not only from a regulatory and infrastructural, but also social, economic, and environmental perspective. The roles of aviation need more political acknowledgment and support, both at the EU and Member State level.

⁽¹⁾ OJ C 13, 15.1.2016, p. 110.

1.6. The EESC strongly insists that the Aviation Strategy is implemented on the basis of a constructive social dialogue. At EU level the EU institutions should consult the Sectorial Social Dialogue Committee for Civil Aviation on any initiatives which, concern the aviation sector. When those initiatives have social impact on employment conditions, the EESC suggests that a dialogue is established between the social partners. The EESC reiterates its views and recommendations from its Opinion on social dumping in the European civil aviation sector ⁽²⁾.

1.7. The EESC endorses its recommendations concerning the Strategy, proposed in its latest Opinion on Integrated EU Aviation Policy ⁽³⁾. The EESC is pleased that a number of proposals from this opinion concerning the internal market, as well as the international dimension of EU aviation and social dimension, were taken into account in the Commission document. The EESC maintains also its position expressed in other Committee opinions concerning EU aviation sector (including TEN/552 — Airport capacity in the EU, CCMI/125 — State aid airports and airlines, TEN/504 — Single European Sky II+). The EESC believes also, that they are equally relevant for EU of 27 as they were for EU of 28 Member States.

1.8. The Commission has developed several important regulatory initiatives for European aviation, including a review of the guidelines on state aid for airlines and airports, the introduction of an airport package, legislation to promote progress towards a Single European Sky (SES) a revision of the regulation against subsidisation and unfair pricing practices and many others. The implementation of all these policies and regulations is urgently necessary to ensure complete implementation of the Strategy by Member States. So is the continuation of the deployment of Single European Sky ATM Research (SESAR) — a very successful EU developed innovation project, as well as further implementation of the Clean Sky (Research programme to develop technologies to significantly increase the environmental performances of air transport). Necessary and well targeted EU financing should be supplemented by private funding and trigger horizontal cross-sectorial developments.

1.9. In the field of airlines, airports and ATC providers, the Strategy needs to provide clear orientation on how to secure future liberalisation whilst also ensuring a level playing field (fair competition). Consolidation can be promoted but only assuring a high level of reliable connectivity in all Member States.

1.10. The issue of fair competition also includes respect of workers' rights. Provisions similar to Article 17bis of the EU-US Air Transport Agreement must be included in the framework of negotiations with third countries. It is vital to have fairness and reciprocity, the highest and enforceable safety, security and social standards. Any agreements in the field of EU External Aviation Policy should seek to ensure that principles of the ILO are addressed and that mutually acceptable means of securing adherence are sought ⁽⁴⁾.

1.11. The role of Member States, but also of other parts of the aviation value network, like manufacturers of aircraft, engines and their components, needs to be further addressed in the implementation of the Strategy. EU aviation must be able to benefit from connected digital aviation. It must fully and actively engage in 4.0 industrial revolution. For the EU civil aeronautical manufacturing industry the role and capacity of the European Aviation Safety Agency (EASA) is of strategic importance to maintaining competitiveness within the global civil aviation market.

1.12. EU aviation requires more clarity on how ownership and control provisions could be handled more flexibly on the basis of reciprocity, while ensuring harmonised application and enforcement throughout the EU and the continued compliance with Union law of such company controls. Within the EU, unparalleled anywhere else in the world, EU nationals can invest in the EU airlines with no restrictions on the percentage of the capital bought or on the degree and level of control over that airline. The question is then: why don't they invest?

⁽²⁾ See footnote 1.

⁽³⁾ OJ C 13, 15.1.2016, p. 169.

⁽⁴⁾ OJ C 198, 10.7.2013, p. 51.

1.13. The EESC acknowledges that the Commission must proceed diligently when seeking support for its proposals from the Member States and other stakeholders. Yet Commission political leadership is an absolute must. The respective tasks of the EASA and Eurocontrol should be defined in a manner that ensures that both organisations complement each other's tasks, so that overlaps can be avoided.

1.14. The EESC reiterates that it is prepared to fully support the Commission in its endeavour to drive the political debate on the best way to secure Europe's international aviation competitiveness, and to create and implement the necessary legislative and regulatory framework. The 'BREXIT' discussion has invigorated the EESC to work even harder to contribute to further integration of EU aviation, which we need more than ever.

1.15. Given its unique composition and expertise, the EESC is ideally positioned to inject into the political discussion the views of organised civil society concerning the political, social, economic and environmental consequences of regulatory initiatives in the field of aviation, about the most appropriate and balanced means to implement the Strategy. Thus the EESC decides to continuously follow the implementation of the Strategy by launching a separate project and allocating appropriate resources and expertise.

1.16. The EESC recommends that inclusion of stakeholders in the implementation of the Strategy should be accompanied by a structured and concrete explanation of the way in which the Strategy will be implemented. Next to an action plan listing which initiatives will be presented and when in the coming years, a 'road map' is required to elaborate how the Commission will reach out to the stakeholders to secure such crucial engagement. Mobilisation of all aviation stakeholders acting together on implementation of the Strategy is challenging but necessary.

2. Background

2.1. The EU aviation sector directly employs between 1,4 million (Source: Steer Davies Gleave — *Study on employment and working conditions in air transport and airports*. Final Report, 2015) and 2 million people (Source: *Aviation: Benefits Beyond Borders*. Report prepared by Oxford Economics for ATAG, April 2014) and overall supports between 4,8 million and 5,5 million jobs (Source: Steer Davies Gleave — *Study on employment and working conditions in air transport and airports*. Final Report, 2015). The direct contribution of aviation to the EU GDP is EUR 110 billion, while the overall impact, including tourism, is as large as EUR 510 billion through the multiplier effect (Source: Steer Davies Gleave — *Study on employment and working conditions in air transport and airports*. Final Report, 2015). This clearly shows that the economic potential of aviation by far exceeds its direct impact.

2.2. However, it is critical to recognise the global climate impact, in terms of emissions, of the aviation sector. Any Aviation Strategy must look at the opportunities for the sector to become more sustainable, such as the use of innovative biofuels and new fuel mixes. Europe should seek through research and innovation to be a leader in this field.

2.3. In spite of the significant growth in the number of passengers carried by EU airlines, since 2008 employment has fallen at an annual rate of - 2,2 %, a steeper reduction than in the economy as a whole (- 0,7 % a year), while the number and types of 'atypical jobs' (temporary and part-time contracts; agency workers; self-employment; zero-hour contracts; posted workers, 'pay to work', etc.) have increased significantly.

2.4. Because aviation's contribution to the overall performance of the EU economy and its global presence is so significant, it is critical that the EU aviation sector remains competitive, maintains its global leadership position and is able to grow. In the past few decades, the EU aviation sector has been an example — also for other EU industries — of how reforms can result in more benefits to European citizens, employees, businesses and environment.

2.5. The EESC has been fully engaged in EU aviation policies and legislation through the adoption of a number of opinions and by undertaking stakeholder events and public hearings. The Committee has proposed a number of concrete proposals concerning various elements of EU aviation value network, its organisation and performance — including strong support for comprehensive social dialogue ⁽⁵⁾ (the Committee called, inter alia, for improvements in implementation of the aviation regulations in Europe, for creation of a true level playing field for all parts of the aviation value chain and for fast and courageous actions to address the upcoming capacity crunch).

2.6. A robust, comprehensive, market-oriented and sustainable EU aviation strategy was urgently called for by many European stakeholders — including the EESC. In its latest opinion on Integrated EU Aviation Policy ⁽⁶⁾ the Committee has identified six factors that determine the level of competitiveness of European aviation: safety; economic, social and environmental sustainability; competitiveness through innovation; the social dimension; operational excellence; and connectivity ⁽⁷⁾. The EESC fully endorses its recommendations concerning the Strategy, which are proposed in this opinion.

2.7. Strong political will, vision and courage are required to balance the requirements of sovereignty with the need for compromise at EU level. This is now — after referendum in UK — even more relevant than ever. Economically, the strategy should have as its direction and goal to drive investments, economic prosperity and sustainable growth across Europe. Legally, the framework should be robust at macro level and provide for planning stability at micro level. This stability should encourage European investors to target more investment in the EU aviation sector. Furthermore, EU investors should get more access to international growth markets on the basis of reciprocity.

2.8. In 2014 European Parliamentary Research Service concluded, that the total cost of non-Europe for aviation is about EUR 3 400 million per year during the next 20 years. In the absence of a clear strategy and its implementation, the EU aviation sector would miss growth opportunities internationally, and lose competitive clout. Growth must become sustainable by ensuring, that the conditions for competition are fair. If, however, the Strategy is designed to achieve a vision with the appropriate tools, its successful implementation will depend upon the broad support of all stakeholders, and in particular the Member States.

2.9. The Strategy is based on a 'holistic' approach to aviation because it recognises the important societal role of aviation: aviation provides for connectivity of regions, mobility of passengers and cargo, as well as benefits for economies and technological innovation to mitigate its effects on climate change; aviation therefore provides for economic, environmental and social sustainability. The EESC fully supports such an approach.

3. Aviation as growth generator

3.1. Over time individual subsectors of aviation have grown into multi-billion euro businesses, which operate and compete in different markets and which form together a network of interdependent value-creation companies. The Strategy — alongside its implementation — should further identify the strengths, weaknesses and the job creation abilities of each part of the value network and promote their respective strengths, so as to provide an optimum framework within which the subsectors can individually and jointly contribute to economic growth and prosperity.

3.2. The broader holistic approach to aviation is about going beyond the challenges facing airlines and airports, and address challenges of all parts of the value network. Member States expect improved, safe, reliable and profitable connectivity to smaller peripheral markets for trade and tourism; manufacturers of aircraft, engines and their components expect favourable conditions for investments in plants and R & D; airlines and aviation service operators expect to be able

⁽⁵⁾ OJ C 230, 14.7.2015, p. 17, OJ C 451, 16.12.2014, p. 123, OJ C 170, 5.6.2014, p. 116.

⁽⁶⁾ See footnote 3.

⁽⁷⁾ See footnote 3.

to attract investors and operate in increasingly liberalised markets and conditions which secure sustainable levels of healthy competition. Quality of the employment conditions, including training, and the rights of passengers should be respected.

3.3. The Commission has rightly identified the key areas in need of regulatory attention, notably with respect to the Single European Sky, the requirement for comprehensive mandates for international negotiations to secure growth, and fair competition within the EU as well as global markets. The Commission has also correctly underlined the need to secure international standards and norms, which will provide for high levels of safety and security, and mitigate the climate change effects of aviation. To support worldwide trade of EU aviation related products, the EU bilateral aviation safety agreements should also aim at achieving mutual recognition of safety certification standards.

3.4. All parts of the aviation value network depend upon a political climate, which encourages investments. Given their high fixed costs, airlines and airports furthermore require a regulatory framework, which enables planning stability. Several regulatory issues are currently being discussed within the EU institutions and at national level; they all need clear guidance from the Commission, and because of their relevance are included in the implementation of the Strategy⁽⁸⁾.

3.4.1. Refinement, application and reinforcement of the ownership and control provisions is of key importance (standard wording in bilateral air service agreements, as well as EU-specific provisions of Regulation (EC) No 1008/2008). They constitute an essential pillar of international air service agreements — without these provisions, the contracting parties could not deliver on the agreed reciprocal rights. The Commission's suggested 'interpretative guidelines' may not be sufficient as a tool to resolve systemic issues and differences in application, legal certainty and 'effectiveness' of the provisions. Clear orientation is required in the EU airline sector, which is facing significant consolidation. In the wake of the growing economic macro-relevance of airline activity, as well as the discrepant profitability of individual airlines, they have become of increasing interest to international investment funds as well as strategic investors. Consolidation must not come at the expense of connectivity especially at regional level.

3.4.2. The issue of fair competition also includes respect of workers' rights. Provisions similar to Article 17bis of the EU-US Air Transport Agreement must be included in the framework of negotiations with third countries. It is vital to have fairness and reciprocity, the highest safety, security and social standards. Any agreements in the field of EU External Aviation Policy should seek to ensure that principles of the ILO are addressed and that mutually acceptable means of securing adherence are sought⁽⁹⁾.

3.4.3. The EESC urges the Commission to facilitate social dialogue agreements to prevent social dumping and obstacles to the Internal Market. Even the smallest industrial action in aviation can affect a large number of flights, passengers and companies dependent on tourism and trade. This must be addressed, if the Commission is to meet the expectations when developing a 'holistic' approach to aviation.

3.4.4. Drone technology is an issue of significant importance and in need of deeper analysis in the Strategy. The issue is no longer simply the hardware (i.e., the size and operational specs of drones) but the software and the potential of drone technology. EESC welcomes the work already being undertaken by EASA in this field. However, in the light of regulatory initiatives in other regions of the world, EU influence in this field of innovation will be necessary to ensure that Europe does not lose the clout to drive this innovative technology and influence international norms and standards. Safety and security of drone operations is of utmost urgency.

⁽⁸⁾ The EESC would therefore reiterate its opinions OJ C 241, 7.10.2002, p. 29, OJ C 264, 20.7.2016, p. 11 and see footnote 1.

⁽⁹⁾ See footnote 4.

3.4.5. The Commission has rightly identified implementation of SES as key, and reiterates the need to adopt and implement SES II. A single air space management regime for the EU is in the best interest of the EU citizens and consumers, the environment and overall European aviation competitiveness. Further, deeper analysis is required to assess why progress has been relatively slow. Functional Airspace Blocks (FABs) in particular have largely failed to deliver on expectations. A comprehensive outreach plan would be required to ensure intense, frank and honest discussions with Member States and Air Navigation Service Providers (ANSPs) and customised proposals for individual Member States to assist them in overcoming prevalent concerns and hurdles when modernising their respective air traffic management organisations. The EESC is convinced that by integrating employees in further deliberations and implementation, the concerns raised by social partners can be properly addressed. Furthermore, SESAR, as the technological pillar of SES, can effectively support further EU ATM integration by creating new common technological applications. The Network Manager shall further develop an integrated European route network design for the safe and efficient operations of ATC.

3.4.6. It is essential that airports are fully considered and included towards completing a comprehensive EU transport network, making sure that airports are well connected to other modes of transport. Multimodality is the key. ICT and digital solutions can also help to make the EU aviation sector more efficient, promoting multimodality and sustainability.

3.5. Aeronautic manufacturers compete in a global market for sales. Industrial revolution 4.0 creates outstanding opportunities for EU aeronautic manufacturing industry. Full synergy of various EU policies in this field must be analysed and realised. These manufacturers invest in production plants across Europe and the whole globe. If the entire impact of aviation on growth is to be assessed, the importance of certification of the manufacturers by EASA, as well as economic analyses cannot be underestimated, given the significant size of these companies and the fact that they compete on a global scale.

3.6. The Strategy is built on European standards and with concerted and coordinated negotiations should strive to seek their acceptance by third countries. The EU has already established the architecture to implement and further develop the EU-US Air Transport Agreement. The provisions contained there enable both parties to further develop consensus on enhancing, jointly implementing and even extending these standards to third countries. The Strategy should therefore seek to use instruments, such as the EU-US Joint Committee, as a means of establishing a shared understanding with other like-minded nations across the world that sustainable aviation depends upon respect for basic values. The EU and the USA could take a leading role in establishing global standards (including SESAR/NextGen). EU and US still have a chance to jointly lead global aviation.

3.7. The success of European aviation also depends on the skills and qualifications of its employees. Therefore, measures should be adopted to increase the attractiveness of this sector and prevent a skilled workforce from leaving the sector or looking for work in other parts of the world.

4. Implementing Aviation strategy — managing the change

4.1. The EESC acknowledges that the EU Commission must proceed diligently when seeking support for its proposals from the Member States and other stakeholders. Yet Commission political leadership is an absolute must. Such a clear commitment is necessary to enable the potential of the European aviation sector to be unleashed, whilst at the same time respecting the need of Member States to ensure reliable and safe connectivity, and also reassuring the social partners that they will continue to be involved in the development and implementation of the necessary legislative measures.

4.2. In its Communication the Commission has addressed several issues, which will become the subject of regulatory initiatives, and it reiterated that it would be seeking engagement from all parties concerned. However, next to an action plan listing which initiatives will be presented and when in the coming years, a road map is required to detail how the Commission will reach out to the stakeholders and to the general public to secure such crucial 'buy-in'.

4.3. The Commission has rightly mentioned the need to strengthen social dialogue in the sector. Pressure on the workforce in the aviation sector is intense. Under such conditions, a social dialogue is of primary importance to engage the social partners in the process and to secure their involvement. The issue in need of clarification is how the Commission expects to structure a social dialogue on issues derived from its holistic approach.

4.4. There is need to further clarify the labour law and social security applicable to highly mobile workers in civil aviation; there are significant loopholes in the social protection of European aircrew due to the lack of clarity of the legislation. There is a need to amend the existing legal rules and align both technical legislation and social security legislation.

4.5. Implementation of any legislative measures must be in the context of climate change. The development of an aviation strategy cannot take place in isolation of the need to urgently address at the global level the associated costs, (in economic, environmental and social terms) of the many effects of climate change. The EU aviation should further look at greenhouse gas emissions challenges as opportunities for research and innovation.

4.6. Information on the Strategy and its implementation needs to be delivered on a continuous basis. Well-targeted information events with stakeholders need to be organised regularly.

4.7. The general approach of the Commission towards aviation should furthermore be expressed as a matter of priority and consistency in the dialogue with Member States. In some cases, the primary problem appears to be the lack of understanding at national level of the true needs of the aviation sector. The Commission should consider more actively supporting the aviation sector at national level in discussions with Member States.

4.8. EESC calls again upon all aviation stakeholders to get actively engaged into further work on implementation of the Strategy. Strong, sustainable aviation sector is in the best interest of all and we must not miss the opportunity created by the Strategy.

Brussels, 14 July 2016.

The President
of the European Economic and Social Committee
Georges DASSIS

Opinion of the European Economic and Social Committee on the proposal for a Directive of the European Parliament and of the Council on the recognition of professional qualifications in inland navigation and repealing Council Directive 96/50/EC and Council Directive 91/672/EEC

(COM(2016) 82 final — 2016/0050 (COD))

(2016/C 389/13)

Rapporteur: Jan SIMONS

On 23 March and 11 April 2016 respectively, the Council of the European Union and the European Parliament decided to consult the European Economic and Social Committee under Article 91(1) of the Treaty on the Functioning of the European Union (TFEU) on the:

Proposal for a Directive of the European Parliament and of the Council on the recognition of professional qualifications in inland navigation and repealing Council Directive 96/50/EC and Council Directive 91/672/EEC

(COM(2016) 82 final — 2016/0050 (COD)).

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 21 June 2016.

At its 518th plenary session, held on 13 and 14 July 2016 (meeting of 13 July 2016), the European Economic and Social Committee adopted the following opinion by 118 votes to 2 with 6 abstentions.

1. Conclusions and recommendations

1.1. The EESC agrees that the common system of professional qualifications in inland navigation should be based on required competences instead of required experience as was previously customary. It also agrees with the expectation that the EU-wide recognition of professional qualifications will benefit the development of inland navigation.

1.2. EU internal labour mobility is an important issue for addressing the structural shortage of qualified deck crewmembers. A mandatory assessment of competencies for all deck crewmembers will improve the image and attractiveness of the profession.

1.3. The preservation of existing safety standards on major international waterways must be considered a minimum requirement in order to properly introduce the proposed policy.

1.4. Improving the enforceability of the regulations by the responsible authorities will firstly discourage unlawful social practices, and secondly boost competitiveness and fair competition.

1.5. In the EESC's view, continued and broadened close cooperation between the European Commission and the River Commissions, especially the Central Commission for the Navigation of the Rhine (CCNR), remains indispensable for the good governance of the European inland waterway network.

1.6. The EESC agrees, subject to the participation of certain river commissions, that, alongside common competence requirements to be developed by the European Committee for drawing up standards in inland navigation (CESNI), there is a need for objective criteria for identifying waterways or stretches of waterways with specific risks, for which the Member States may impose additional requirements in addition to the common professional qualifications.

1.7. The principles and purposes of the chosen policy underpinning the proposal urgently need to be communicated more explicitly.

2. Introduction

2.1. Competitive industries rely on the ability to transport large volumes of freight in a cost-efficient way. Inland navigation vessels have a loading capacity that is equivalent to hundreds of trucks: one convoy of four pushed lighters (= 7 000 net tons) is 280 trucks at 25 net tons each. This could help to save on transport costs and protect the environment.

2.2. The Main-Danube-Canal, the Rhine and the Danube directly link 13 Member States over a length of 3 500 km, from the North Sea to the Black Sea. Each year, approximately 500 million tons of cargo is transported on these waterways, with transport on the Rhine alone accounting for 67 % of the total volume. Over 75 % of inland waterway transport (IWT) within the EU is cross-border transport. In Germany, Belgium and the Netherlands, the modal split share of IWT is 12,5 %, 25 % and 38,7 % respectively and on the Rhine corridor, the industrial heartland of Europe, it is even above 50 %.

2.3. With an annual cargo of 150 billion tonne-kilometres, IWT plays an important role in the functioning of the EU's multimodal logistic chains. According to recent studies, the EUR 2,2 billion added value in the IWT sector leads to direct and indirect economic added value of EUR 13,2 billion, i.e. a multiplier of 6,0.

2.4. Some key figures on the EU IWT labour market:

- 41 500 workers: about 14 650 boatmasters and 26 850 operational workers.
- The Netherlands, Germany, France, Luxembourg, Italy, Belgium, Romania and Bulgaria represent 80 % of the total IWT labour force.
- The vast majority of workers are active on the Rhine corridor.
- The share of non-national workers: 27 % in the Netherlands, 23 % in Germany, 14 % in Belgium.
- 9 482 IWT companies, of which 45 % are Dutch.

2.5. The EESC has already provided the European Parliament, the Council and the Commission with opinions regarding this industry, including on *Social policy within a pan-European system for regulating inland-waterway transport* in 2005 ⁽¹⁾, *An Integrated European Action Programme for Inland Waterway Transport* (known as *Naiades*) in 2006 ⁽²⁾ and the *Naiades II package* in 2014 ⁽³⁾.

2.6. Here the Committee for the first time 'call[ed] for the establishment of a Community social policy for inland waterway transport' which has experienced 'further developments ... in recent years through social dialogue, leading to the drawing up of specific rules on working time' subsequently leading, in 2014, to the Committee calling for 'new initiatives' to be developed. 'The proposed harmonisation of occupational profiles (based on social dialogue) and coordination of professional qualifications at European level will play a key role here; the Commission will need to put these into effect in close cooperation with river commissions, in particular the Central Commission for Navigation on the Rhine'.

2.7. In the meantime, the Commission has intensified its cooperation with the CCNR and has already obtained some significant results, such as the joint identification of required competences (PLATINA tables of competencies) and, stemming from their shared wish to improve the regulation of inland navigation, the establishment, in June 2015, of the European Committee for drawing up Standards in Inland Navigation (known as CESNI). CESNI swiftly got to work and in 2015 produced standards for technical requirements for inland waterway vessels. It has also been decided to set up a CESNI working group on professional qualifications. CESNI is also expected to take an important role in the area of professional qualifications by drawing up the standards referred to in the proposal.

⁽¹⁾ OJ C 24, 31.1.2006, p. 73.

⁽²⁾ OJ C 318, 23.12.2006, p. 218.

⁽³⁾ OJ C 177, 11.6.2014, p. 58.

2.8. The present Commission proposal came about following extensive and lengthy consultations with many of the organisations involved and the social partners (for example: international river commissions (Central Commission for the Navigation of the Rhine, Danube Commission, Sava Commission); United Nations Economic Commission for Europe; national administrations in charge of IWT policy-making and legislative and administrative activities; professional organisations (European Barge Union and the European Skippers' Organisation); trade unions: European Transport Workers' Federation — IWT section; PLATINA, Platform for the implementation of Naiades; IWT training and education institutions in Europe EDINNA; AQUAPOL and the European Federation for Inland Ports. The European inland waterways transport social partners include the European Barge Union, the European Skippers' Organisation and the European Transport Workers' Federation).

3. Summary of the Commission proposal

3.1. Inland waterway transport (IWT) is a cost-saving and energy-efficient transport mode that could be used more efficiently to support the European Union's energy efficiency, growth and industrial development goals. However, its contribution is hampered by existing difficulties in terms of labour mobility, vacancies that cannot be filled and skills mismatches. Varying minimum requirements for professional qualifications for inland navigation across the Member States do not provide sufficient assurance for individual countries as regards the recognition of professional qualifications of crew from other Member States, particularly as this also affects the safety of navigation.

3.2. The objective of the directive is to facilitate labour mobility in the inland waterway transport sector by ensuring that skilled workers' qualifications are recognised throughout the Union. The initiative builds on over 19 years of experience with Directives 96/50/EC on obtaining national boatmasters' certificates and 91/672/EEC on the reciprocal recognition of national boatmasters' certificates for boatmasters operating on inland waterways other than the Rhine.

3.3. The proposal extends the recognition of professional qualifications to cover all deck crewmembers and is based on the required competences. It provides for recognition throughout the European inland waterway network on the basis of:

- common standards for the certificates of boatmasters and other deck crewmembers,
- common criteria and procedures for laying down the required competences,
- the setting of criteria that ensure that the required knowledge of specific routes is justified by the level of safety envisaged.

According to the Commission, not only will employees benefit from improved labour mobility and new career opportunities, above all the sector as a whole will benefit as it becomes more attractive for both businesses and workers.

4. General comments

4.1. The EESC agrees that the common system of professional qualifications in inland navigation should be based on required competences instead of required experience as was previously customary. It also agrees with the expectation that the EU-wide recognition of professional qualifications will benefit the development of inland navigation.

4.2. The Committee attaches great importance to continued and expanded cooperation between the European Commission and the River Commissions, particularly the Central Commission for the Navigation of the Rhine (CCNR). In particular, the joint efforts of the CCNR and the Commission to harmonise and modernise the rules are important for developing a coherent policy for the European waterway network. The EESC stresses the importance of establishing and maintaining a level playing-field within the IWT sector and emphasises that modernised rules will have to go hand in hand with modernised enforcement.

4.3. As part of the Naiades II package, the proposal aims to introduce a common system of competency-based minimum standards, which is of great importance in determining the level of safety on inland waterways in the European Union. The EESC believes that this system must not undermine best practices for all categories of inland waterways.

4.3.1. The proposal therefore provides that Member States may create exceptions or set additional requirements for certain waterways or stretches of waterways. These measures must, of course, be effective and proportionate, so that their number is limited to what is strictly necessary. In general, no lowering of any existing standard is envisaged. However, the safety standards on different waterways may vary.

4.4. As regards international rivers, the transnationalisation of IWT has led to the establishment of river commissions in order to secure a single regime for commercial use. As such, the Rhine regime dates back over 200 years. Commissions were also later founded for the Danube, Moselle and Sava rivers.

4.4.1. The Rhine regime is not only distinguished by its long history, but above all by its comprehensive legal framework, notably its international legal framework.

4.4.2. A broadened and properly founded institutional context is deemed indispensable by the Committee in order to ensure that the legislation for navigation on Europe's inland waterway network is coherent and consistent. From an institutional as well as an economic and social perspective, continued and broadened close cooperation between the European Commission and the CCNR remains highly recommended.

4.5. The EESC agrees, subject to the participation of certain river commissions, that, alongside common competence requirements to be developed by the European Committee for drawing up standards in inland navigation (CESNI), there is a need for objective criteria for identifying waterways or stretches of waterways with specific risks, for which the Member States may impose additional requirements in addition to the common professional qualifications.

4.6. From a European perspective, the preservation of existing safety standards on major international waterways must be considered a general requirement in order to properly introduce the proposed policy. A coordinated river basin approach to addressing this issue has developed from a long-standing international tradition and is generally accepted by all relevant stakeholders.

4.6.1. In this regard specific attention should be given to the river Rhine. This international waterway, which, along with the Danube, is one of the most challenging from a nautical perspective, carries over 2/3 of European inland waterway traffic. Its riparian states have already established a high level of safety based on the Revised Convention for Rhine Navigation and supervised by the CCNR.

4.7. The CCNR has already established a binding multinational mechanism for identifying stretches of waterways with specific risks. In the EESC's view, coordinating national decisions and decisions by river commissions at Community level would therefore be a step forwards with regard to the mobility of qualified workers.

4.7.1. Common criteria for identifying a specific risk should therefore be introduced. The EESC acknowledges that establishing universal and objective criteria for identifying stretches where specific risks occur also includes the benefit of a transparent decision-making process with a broadened scope.

4.7.2. The Danube basin does not yet offer binding multinational mechanisms for identifying stretches with specific risks. However, the EESC views actions from Member States, supported by EU funding, to improve and guarantee the navigability of the Danube as a crucial element for corridor development.

4.7.3. A proposal for a methodology for identifying waterways or stretches with specific risks could be:

(1) general criteria for required professional competences;

(2) national rivers: riparian countries issue proposal, CESNI advises, decision by 'delegated act' (EU Commission);

(3) international rivers: river commissions that have an international legal framework follow the general criteria; riparian countries issue proposal where appropriate after coordination with river commissions, CESNI advises, decision by 'Delegated Act' (EU Commission).

4.8. The proposal aims to encourage job mobility in the largest possible single labour market for inland navigation, which is accessible to workers from all Member States, in order to address the structural shortage of qualified crew. The EESC confirms that this is an important issue to be addressed.

4.8.1. A mandatory assessment of competencies for all deck crewmembers already at operational level will improve the image and attractiveness of the profession for both apprentices and newcomers from other sectors.

4.8.2. The EESC supports the European Commission's goal of keeping the sector accessible for more practically oriented workers. New opportunities for those changing career who already have a maritime or other background to gain qualifications quickly are also welcomed by the EESC.

4.9. The EESC recognises that the proposal is based on well-informed policy choices. However, it is not easy to identify those in the proposal itself. The Committee therefore also highly recommends communicating the principles and purposes of the chosen policy more explicitly.

5. Specific comments

5.1. Considerably reducing the number of relevant documents, as well as keeping and updating them electronically, could improve the effectiveness of enforcement and alleviate administrative burdens whilst enabling control services to function more efficiently. As a result unlawful social practices will be discouraged on the one hand and competitiveness and fair competition will be reinforced on the other.

5.1.1. The EESC strongly recommends keeping social partners, international river commissions and control services involved and committed in this respect.

5.2. Practical examinations are usually executed on board a vessel but should also be possible on a simulator, naturally with the required practical experience. A uniform standard for the technical features and functionalities of inland waterway vessel handling simulators should therefore be determined by CESNI, along with standards for approving such tools.

5.2.1. The proposed directive also accepts approved training programmes instead of administrative exams. In this regard the EESC notes that it should be guaranteed that there is no conflict of interests between the examiner and the teacher or trainer of a candidate for examination.

5.2.2. The EESC welcomes the recognition of approved training programmes but has serious doubts about their added value without a good system for establishing and ensuring quality.

5.2.3. The possibility offered by the proposal of taking a practical examination to demonstrate acquisition of the required skills through non-formal and informal learning — in this case by sailing — is also in line with the Committee's opinion on that subject⁽⁴⁾.

5.3. Additional standards for specific operations should also be envisaged where international safety standards already apply, e.g. in the field of passenger transport. The EESC notes that this could also apply to LNG experts required for bunkering IWT vessels. However, it should be recognised that maritime standards are not adequate and appropriate for inland waterway vessels.

⁽⁴⁾ OJ C 13, 15.1.2016, p. 49.

5.4. According to the European Commission in the impact assessment study, 'the share of self-employed and employees in Europe is respectively 27 % and 73 %'. However, these figures are less useful if not split into freight and passenger transport, given that 40 % of the employment is linked to passenger navigation and SMEs owning/operating one vessel represent 80-90 % of the market in the western part of the EU, in particular Belgium, the Netherlands, France and Germany.

5.5. The EESC welcomes the fact that both the Commission and the Member States will evaluate the implementation of the Directive but considers that the river commissions must also be involved in this process. The EESC considers that such evaluation at national, European and international scale will provide a good basis for a possible future review of the Directive when appropriate.

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The President
of the European Economic and Social Committee
Georges DASSIS

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