

Official Journal of the European Union

C 176



English edition

Information and Notices

Volume 61

23 May 2018

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I

(Resolutions, recommendations and opinions)

RESOLUTIONS

COMMITTEE OF THE REGIONS

127TH COR PLENARY SESSION, 31.1.2018-1.2.2018

Resolution of the European Committee of the Regions — The European Commission's Annual Growth Survey 2018

(2018/C 176/01)

Submitted by the EPP, PES, ALDE, EA and ECR political groups

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

- having regard to the European Commission's Communication on the Annual Growth Survey 2018 (AGS) ⁽¹⁾ and to the start of the 2018 European Semester;
 - having regard to its resolution of 11 October 2017 on the 2017 European Semester and in view of the 2018 Annual Growth Survey (AGS);
 - having regard to the European Parliament resolution of 26 October 2017 on the economic policies of the euro area ⁽²⁾;
1. considers that despite the relative macroeconomic recovery of the EU's economy there is still no scope for complacency, since unemployment rates are still too high in many regions of Europe, particularly among young people, and several cumulative years of under-investment weigh heavily on the EU's competitiveness and cohesion;
 2. shares the Commission's view that the EU's lack of competitiveness and cohesion and the banking vulnerabilities call for the structural deficiencies of the Economic and Monetary Union (EMU) to be addressed before any further crisis as outlined in the CoR opinion on Deepening Europe's EMU by 2025 ⁽³⁾;
 3. welcomes the importance given in the AGS to the European pillar of social rights;
 4. supports the AGS' strong focus on long-term growth and therefore regrets that it does not align short-term guidance with EU's long-term goals of sustainable growth and jobs. The Country-specific Recommendations should take better account of the goals of the UN 2030 Agenda for Sustainable Development;
 5. regrets that the AGS does not refer to the role of local and regional authorities (LRAs) in respect to investment; recalls that LRAs are responsible for more than half of public investment in the EU; urges Member States to remove existing obstacles which hinder private and public investment at local and regional level; regrets that the 2018 AGS does not continue analysing obstacles to investment following the initial impulse of the 2016 AGS;

⁽¹⁾ COM(2017) 690 final.⁽²⁾ <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P8-TA-2017-0418&language=EN&ring=A8-2017-0310>.⁽³⁾ Adopted on 30 November 2017, Rapporteur: Christophe Rouillon (FR/PES).

6. is convinced that in order to make the European Semester more effective and increase ownership on the ground, a structured involvement of the local and regional authorities as partners in the European Semester in the light of the actual division of powers and competences across levels of government in EU Member States is a condition sine qua non. The CoR reiterates its call for establishing a code of conduct for involving local and regional authorities in the European Semester ⁽⁴⁾ and invites the Commission to take an active part in promoting such a code; recommends also that the next AGS include a specific chapter on the state of the regions and addresses the role of the local and regional authorities, and asks that Member States do the same in their National Reform Programmes;
7. recommends that Member States involve local and regional bodies directly in their National Reform Programmes and in the European Semester process, bearing in mind that regions cannot be penalised for missing objectives that are the exclusive responsibility of the State;
8. considers that the CSRs should give a more prominent place to the issues related to demographic change as the latter becomes an increasingly important parameter of territorial and social cohesion;
9. stresses that the ESI Funds are — and should remain — the EU's main tool to achieve the Treaty objectives of economic, social and territorial cohesion; the required programming in the operational programmes has consolidated itself as an indispensable tool to assess the economic situation of the regions and their needs for a reform;
10. also opposes the concept of subordinating cohesion policy to the 'European Semester' exercise since cohesion policy has its own legitimacy, enshrined in the European Treaties. Moreover, if the link was to be made more effective by including cohesion policy in national reform programmes, the latter must, starting from the European level, be redesigned in a way that maintains the territorial dimension and the partnership-based, decentralised approach ⁽⁵⁾;
11. notes that not only should administrative capacities be strengthened, but a genuine simplification of the rules governing the ESIF should also be carried out, as these have a negative effect on these capacities, and on the efficiency and effectiveness of the human resource structures deployed to manage these funds;
12. welcomes the performance of the EFSI so far in terms of the amount of investment activated; remains concerned however by the EFSI's uncertain additionality and unbalanced geographic coverage; highlights that, as shown by a recent study promoted by the CoR ⁽⁶⁾, lack of administrative capacity, lack of funding for long-term investment and burdensome regulations still prevent use of the EFSI by LRAs;
13. takes note of the Commission's proposal to establish, with the participation of the European Investment Bank (EIB), a specific initiative to improve access for the outermost regions to the European Fund for Strategic Investment (EFSI), including through advice provided by the European Investment Advisory Hub;
14. recalls that the CoR has been supportive of initiatives towards further trade liberalisation but insists that any new initiative must imperatively be preceded by impact assessments early identifying and quantifying possible asymmetric impacts on European regions, to allow swift public policy response. Also calls for the EU's trade defence instruments to become a rapid and effective tool for addressing unfair trade practices;
15. agrees that the future of Europe's industry depends on its ability to invest in quality production, new technologies and to tackle the challenges and opportunities of digitalisation and decarbonisation and that particular attention needs to be given to investment in the technological enhancement of SMEs and the specialisation of workers; calls on the Commission to use the communication on industrial policy strategy as a basis for developing a more ambitious and holistic vision for European industry with a medium-term time horizon and a strong territorial dimension taking into account the central role of regional ecosystems in industrial modernisation;
16. emphasises that in order to be compatible with the principle of subsidiarity to provide European added value in terms of competitiveness, structural reforms addressed in the AGS should focus on policy areas which are of EU relevance in terms of competences;

⁽⁴⁾ See CoR Opinion on Improving the governance of the European Semester: a Code of Conduct for the involvement of local and regional authorities of 11 May 2017.

⁽⁵⁾ See CoR Opinion on the future of Cohesion Policy beyond 2020 'For a strong and effective European cohesion policy beyond 2020' of 12 May 2017.

⁽⁶⁾ http://cor.europa.eu/en/documentation/studies/Documents/Implementation-EFSI/implementation_EFSI_pdf.pdf.

17. stresses the importance of supporting regions and cities in strengthening and interlinking their entrepreneurial ecosystems to help SMEs to better integrate into transregional, European and global value chains; therefore, agrees with the Commission's objectives of fostering cross-border access and collaboration between SMEs along the value chain; this is particularly important in regions with permanent territorial handicaps that hinder international opportunities for businesses;

18. recalls the importance of a business-friendly administrative and regulatory environment to make it easier for companies, and particularly for scale-ups, to access finance and raise funds cross-border and fully unleash the potential of the European risk-capital market;

19. emphasises that the lack of administrative capacity on the part of many public authorities at local and regional level is an obstacle to the implementation of structural reforms and to the long-term investments needed to bridge the investment gap; reiterates that the Commission should issue a single strategic document coordinating all streams of EU-funded technical assistance for capacity-building, including the Structural Reform Support Programme;

20. reiterates its request that investments by local and regional authorities under the ESI Funds in all EU countries be excluded from the calculation of the deficit and debt ceilings set by the SGP; opposes macroeconomic conditionalities which would amount to punishing regions and cities for political choices they cannot control;

21. supports the need to ensure sound public finances and reduction of the high levels of public debt in the interest of the next generations; stresses that the composition of public expenditure should be improved, in the light of the OECD principles for effective public investment across levels of government; is engaged in contributing to monitor the implementation of such rules; invites the Commission to take action to promote fiscal decentralisation across the EU, which, according to available evidence, would improve the effectiveness of public spending ⁽⁷⁾;

22. agrees with the need to make effective use of the tools available at EU level, in particular the Cohesion Policy's Structural and Investment Funds, but feels that the way the performance framework works should be improved and the excessive rigidity from which it suffers should be avoided;

23. stresses that a large share of public procurement is carried out by local and regional authorities and that efforts aimed at improving administrative capacity in the public procurement package ⁽⁸⁾ should therefore be directed specifically towards local and regional authorities;

24. highlights that, in the recent joint OECD-CoR survey on funding, management and regulatory challenges to infrastructure investment of EU cities and regions ⁽⁹⁾, 66 % of the respondents claimed that they were challenged by the complexity of EU public procurement directives and 61 % by the potential cost and time involved in judiciary litigation concerning contract award procedures;

25. urges Member States to take measures to reduce debt bias in taxation and fight aggressive tax planning; stresses that the ongoing work towards a Common Consolidated Tax Base (CCCTB), legally binding anti-abuse measures and increased tax transparency are crucial; welcomes the Commission's efforts to establish rules allowing taxation of profits generated by multinationals through the digital economy;

26. welcomes the call for a stronger focus on the composition and efficiency of defence-related public spending; stresses that such spending should help overcome the current fragmentation of the EU defence industry, also by encouraging rationalisation and cross-border cooperation between companies of all sizes;

27. notes that 76 % of the Country-specific recommendations for 2017 concern structural reforms which may have a differentiated territorial impact and which, on the basis of the current division of powers between levels of government, can only be addressed in partnership with local and regional authorities;

⁽⁷⁾ See also OECD report on Fiscal Federalism 2016 — Making Decentralisation Work.

⁽⁸⁾ COM(2017) 572.

⁽⁹⁾ Under publication.

28. welcomes the 2018 AGS statement that stronger and more efficient public institutions are crucial for building resilient economic structures that foster investment and growth, and its acknowledgment that structural reforms should take into account distributional effects on regions;
29. instructs the President to forward this resolution to the European Commission, the European Parliament, the Bulgarian Presidency of the Council and the President of the European Council.

Brussels, 1 February 2018.

*The President
of the European Committee of the Regions*
Karl-Heinz LAMBERTZ

Resolution of the European Committee of the Regions on changing the ESI funds Common Provisions Regulation to support structural reforms

(2018/C 176/02)

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

— having regard to the European Commission proposal for a regulation amending the Common Provisions Regulation (EU) No 1303/2013 of 6 December 2017 ⁽¹⁾,

— having regard to:

- (i) the CoR *opinion on the proposal by the Commission for a General Regulation on the funds covered by the Common Strategic Framework* of 4 May 2012, highlighting that local and regional authorities must not be penalised as a result of certain Member States' failure to comply with their obligations in relation to economic governance, particularly as regards the national deficit;
 - (ii) the CoR *opinion on the Structural Reform Support Programme for the period 2017 to 2020* of 8 April 2016, in which the CoR opposed subordinating cohesion policy to the European Semester exercise since cohesion policy is legitimate in its own right and enshrined in the European Treaties;
 - iii) the CoR *opinion on the future of cohesion policy beyond 2020 'For a strong and effective European cohesion policy beyond 2020'* of 12 May 2017, on which the #CohesionAlliance is based and which stressed that the inclusion of cohesion policy in national reform programmes must be redesigned from the European level down in a way that maintains the territorial dimension and the partnership-based, decentralised approach;
 - (iv) the CoR *opinion on Improving the governance of the European Semester: a Code of Conduct for the involvement of local and regional authorities* of 11 May 2017, which called for structured involvement of the local and regional authorities as partners in the European Semester, in light of the current division of powers and competences across levels of government in EU Member States, in order to make the European Semester more effective and increase ownership of it on the ground;
 - (v) the CoR *opinion on the Reflection Paper on the Deepening of the Economic and Monetary Union by 2025* of 1 December 2017, which supported a convergence strategy that would complement existing European policies to strengthen economic, social and territorial cohesion,
1. points out that promoting economic, social and territorial cohesion is an objective for all EU policies (Article 3 of the EU Treaty) and at the same time a genuine policy enshrined in the Treaty (Articles 174-177);
 2. highlights that cohesion policy — as defined in the EU Treaty — does not include an obligation to finance general structural reforms in the Member States;
 3. stresses that in order to comply with the subsidiarity principle, the notion and scope of 'structural reforms' eligible for European financial support must be defined. The CoR notes the importance of doing so on the basis of a European added value analysis since Article 2a of Council Regulation (EC) No 1466/97 of July 1997, to which the current proposal refers, provides an unsuitably broad definition of the concept of 'structural reforms';
 4. rejects the reasoning given for compliance with the **subsidiarity principle**, since the objective of cohesion policy, as implemented by the European Structural and Investment Funds for which the Common Provisions Regulation (CPR) provides the overall legal framework, is not to support structural reforms in the Member States but to *reduce disparities between the levels of development of the various regions and the backwardness of the least favoured regions*;

⁽¹⁾ COM(2017) 826 final.

5. notes with concern that the suggestion to put structural reform support under direct management and not to set any co-financing requirements for this expenditure hints at a renationalisation of cohesion policy by violating the principles of co-financing and shared management upon which it is built. These principles are crucial for encouraging ownership, enforcing good governance and maximising the leverage effect of cohesion policy;
6. underlines that the **principle of multi-level governance**, which is legally enshrined in Article 5 of the Common Provisions Regulation (CPR), requires coordinated action, *in particular between the different levels of governance, carried out in accordance with the principles of subsidiarity and proportionality, including by means of operational and institutional cooperation, with regard to the preparation and implementation of the Partnership Agreement and programmes*. Using ESIF resources to finance national reforms would therefore require coordinated action between the different levels of government which is not allowed for in the Commission proposal;
7. notes with concern that establishing a 'cash for reforms' system such as the one currently proposed would be contrary to the principles of partnership and multi-level governance and would not be conducive to encouraging local and regional ownership of EU-relevant structural reforms, given that most of them require local and regional government involvement;
8. sees a contradiction between the use of ESIF resources to finance 'general structural reforms' in the Member States and the obligation of **thematic concentration** as defined in Article 18 CPR;
9. is concerned that the European Commission is proposing a modification to the Common Provisions Regulation and proposing to use the ESIF performance reserve to finance a reform delivery tool that has not yet been proposed and of which no details have been laid down yet;
10. underlines that the purpose of the **ESIF performance reserve** as described in Articles 20-22 CPR is to support only programmes and priorities which have achieved their milestones and to give incentives for successful management and implementation; is concerned that the proposed reduction of these incentives would discourage successful regions and managing authorities and therefore disagrees with the Commission's proposal to use parts of this performance reserve — even on a voluntary basis — for other purposes. If the Commission's proposal is adopted by the Council and the European Parliament, the principle of implementation on a voluntary basis must be well established so that local and regional authorities are granted discretion to make changes to the current design of the ESIF programmes;
11. considers that the opt-in clauses and voluntary participation in an EU scheme cannot be used as an argument to claim that the proposal has no subsidiarity relevance as long as this scheme involves EU funding aimed at achieving objectives set in the Treaties that are relevant to all EU Member States. Indeed, any EU funding must be granted with a view to objectives set in the EU Treaties and have a legal basis directly relating to the objectives that it is intended to achieve;
12. is concerned that a change in the Common Provisions Regulation at this stage in the implementation of the current programming period, undertaken before the performance review scheduled for 2019 (Article 21) takes place, may lead to legal uncertainty and further delays in the implementation of current ESIF programmes;
13. is also concerned about the timing of the new delivery tool, as the results of the proposed 'pilot phase' cannot feed into the Commission proposal on the new Multiannual Financial Framework due to be presented in May 2018. If the pilot is yet to be proposed and adopted by the legislators and it is to start in 2018, collecting evidence of its performance and results before May 2018 will be extremely difficult. Any proposal of a reform delivery tool for the post-2020 period would then not be informed by any previous experience;
14. notes that the principle of using ESI funds to finance structural reforms unrelated to the objectives of cohesion policy has been already introduced by the Structural Reform Support Programme, whereas the financial envelope of this programme is deducted from technical assistance of ERDF and Member States are permitted to take additional contributions from resources of operational programmes' technical assistance. Underlines that this worrying precedent is now reinforced by the EMU package, with implications that call into question the fundamentals of cohesion policy;
15. therefore rejects the Commission's proposal to change the Common Provisions Regulation with a view to using the performance reserve to support structural reforms in the Member States. The CoR stands ready to make full use of its prerogative to challenge the legislative act before the Court of Justice of the European Union, pursuant to Article 8 of Protocol No 2 on the application of the principles of subsidiarity and proportionality;

16. for the post-2020 MFF and programming period, is open to discuss in detail the links between cohesion policy, EU-relevant structural reforms and the European Semester. These links would have to form part of an overarching EU strategy on economic, social and sustainable governance following on from the Europe 2020 Strategy. The CoR believes that the full involvement of local and regional authorities in all stages of such a strategy is a prerequisite, as set out in the CoR's Code of Conduct;

17. instructs the president to forward this resolution to the European Commission, the European Parliament, the Bulgarian Presidency of the Council and the President of the European Council.

Brussels, 1 February 2018.

*The President
of the European Committee of the Regions*

Karl-Heinz LAMBERTZ

Resolution of the European Committee of the Regions on the Commission proposal for a Council decision on the determination of a clear risk of a serious breach by Poland of the rule of law

(2018/C 176/03)

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

- having regard to the Commission's proposal of 20 December 2017 to the Council to adopt a decision under Article 7(1) of the Treaty on European Union,
 - having regard to its resolution of 23 March 2017 on the Rule of Law in the EU from a local and regional perspective,
 - having regard to its opinion of 12 February 2015 on Local and regional authorities and the multilevel protection of the rule of law and fundamental rights in the EU,
 - having regard to the European Parliament's resolution of 15 November 2017 on the Situation of the rule of law and democracy in Poland,
 - having regard to the Venice Commission opinion of 8-9 December 2017 on the Draft Act amending the Act on the National Council of the Judiciary; on the Draft Act amending the Act on the Supreme Court, proposed by the President of Poland; and on the Act on the Organisation of Ordinary Courts, adopted by the Commission at its 113th plenary session,
1. reiterates its attachment to the common set of fundamental values upon which the European Union is founded, which include respect for democracy and the rule of law, as stipulated in Article 2 of the Treaty on European Union (TEU), the Charter of Fundamental Rights of the EU, and the European Convention on Human Rights (ECHR);
 2. considers that these values form the basis for mutual trust between the Member States, between the Member States and the EU institutions, and between all levels of government;
 3. stresses that most principles underlying the rule of law — legality, respect for fundamental rights, equality before the law, freedom of expression and freedom of assembly, transparency, accountability, separation of powers, a democratic and pluralistic process for the enactment of laws, legal certainty, prohibition of arbitrary acts by the executive powers, independent and impartial courts and effective judicial review — are of direct and immediate relevance for the functioning of local and regional authorities and a prerequisite for their active participation in the process of European integration;
 4. supports, therefore, the Commission's proposal of 20 December 2017 to the Council to adopt a decision under Article 7(1) of the Treaty on European Union based on the assessment that a clear risk of a serious breach of the rule of law exists in Poland;
 5. expects the Polish government and the Commission to engage in a constructive dialogue on how to address the situation before 20 March 2018, notably in order to avoid harmful spill-over effects on the EU decision-making process, including with regard to proposals to be presented by the Commission for the programming period after 2020;
 6. rejects any political *ex post* conditionality, which would mean that local and regional authorities could be held hostage to policies pursued by national governments that would prompt a suspension of EU funding for cities and regions. Cohesion Policy must not be subject to conditionalities at European level that cannot be influenced by local and regional authorities and other beneficiaries. However, the CoR draws attention to already existing provisions in the Partnership Agreements which allow funding to be suspended in case of a breach of the rule of law by local and regional authorities. Expresses concerns over the compliance of potential political conditionalities over access to EU funding for cities and regions with the principle of proportionality;
 7. also stresses that an infringement procedure against a Member State before the European Court of Justice can lead the latter to decide that fines should be paid at the expense of the central government;

8. instructs its president to forward this resolution to the European Commission, the European Parliament, the Bulgarian Presidency of the Council and the President of the European Council.

Brussels, 1 February 2018.

*The President
of the European Committee of the Regions*
Karl-Heinz LAMBERTZ

OPINIONS

COMMITTEE OF THE REGIONS

127TH COR PLENARY SESSION, 31.1.2018-1.2.2018

Opinion of the European Committee of the Regions — The Future of the COSME programme beyond 2020: regional and local perspective

(2018/C 176/04)

Rapporteur: Robert Sorin Negoită (RO/PES), Mayor of Bucharest's District 3**POLICY RECOMMENDATIONS**

THE EUROPEAN COMMITTEE OF THE REGIONS

1. calls upon the European Commission to ensure a predictable and stable SME support framework beyond 2020 by creating a renewed and strengthened successor programme to COSME taking the needs of diverse types of SMEs in different EU territories into account;
2. points out that there is a lack of awareness, both among businesses and among financial intermediaries in many EU territories, about financial instruments available under the COSME programme; therefore suggests strengthening information and dissemination actions about available instruments targeting all EU territories;
3. points out the need to devote sufficient resources to easing access to finance for the broadest possible range of small businesses present in different territories; takes the view that promoting public-private partnerships between financial intermediaries and regional and local actors in jointly implementing targeted financial instruments, which would complement existing guarantee and equity finance instruments, could contribute to delivering on the long-term objective of creating sustainable growth and employment;
4. commends the Enterprise Europe Network (EEN) initiative and strongly supports its continuation, extension and upgrading under a COSME successor; points out that the EEN lacks coverage and visibility in particular in certain countries, rural and remote regions, and areas with lower population density; suggests therefore that the network of EEN contact points should be extended to ensure the broadest possible territorial coverage;
5. suggests that objectives such as promoting entrepreneurship across sectors and in different types of territories, including less developed and peripheral regions and suburban areas, as well as strengthening regional entrepreneurial ecosystems by supporting the mapping of ecosystems and linking more advanced regions with those that are still catching up, should be prioritised under a COSME successor programme;
6. considers that transparency and synergies between different EU instruments supporting SMEs need to be improved in the next programming period; therefore calls upon the European Commission to clearly delimit the function and scope of each instrument supporting SMEs and entrepreneurs, to avoid creating parallel structures, and to ensure that beneficiaries and financial intermediaries can easily access information about the entire range of available instruments;

7. believes that given that the expected demand for COSME's Loan Guarantee Facility (LGF) is so great that even the increased funding for the LGF provided for under EFSI 2.0 might not be sufficient, consideration should be given to providing additional resources for COSME ⁽¹⁾;
8. considers that the *Commission Notice on the application of Articles 87 and 88 of the EC Treaty to State aid in the form of guarantees* should be revised. The current level of the minimum premium imposed by the Notice is indeed quite high compared to the current interest rates for loans;
9. suggests that financial instruments providing partial credit risk protection issued under the COSME LGF shall provide up to 80 % credit risk protection. Without the guarantee, the projects would often not be pursued by SMEs, resulting in a sub-optimal investment situation. The guarantees are designed to respond adequately to SME's business models, allowing them to grow on a long-term sustainable basis;
10. considers that it needs to be clarified that COSME financing can be combined with other EU funds;
11. considers that the EUR 150 000 loan threshold above which it has to be verified that the SME is not eligible for financing under Horizon 2020 should be increased to EUR 500 000. At the same time, the minimum loan maturity of one year should be reduced, and the maximum maturity should be increased beyond 10 years;
12. recognises that with regard to entrepreneurs in growth sectors who are seeking venture capital but wish to keep control over their own companies, it has been pointed out that business angels cannot be a solution; therefore, consideration should be given to bolstering other forms of risk financing such as mezzanine financing;
13. considers that COSME support through the EIF to private financial intermediaries could be supplemented by support provided by regional investment funds managed by regional authorities or regional development agencies. Several regions could join forces to set up joint investment funds;
14. considers that effective coordination between local, regional, national and European programmes regarding the business environment and uniform rules relating to the business environment across the Member States are necessary in order to support the business environment;
15. considers that there should be more focus on the measures undertaken by local and regional authorities to encourage entrepreneurship and SME start-ups and that measures should be taken to increase the role of local and regional authorities in supporting the business environment and developing public-private partnerships;

Support for SMEs and entrepreneurs beyond 2020

16. points out that SMEs, start-ups and scale-ups are Europe's main engines for creating growth and jobs and generate stable, local employment, thus reinforcing the social and economic tissue of their territories;
17. stresses the need to strengthen European business ecosystems by providing targeted support to SMEs, start-ups and scale-ups as part of a consistent, efficient and results-oriented European SME policy;
18. points out the need to complement this support framework with a mechanism ensuring that the principles of multi-level and multi-actor governance are mainstreamed across EU SME policy; therefore reiterates its call, expressed in its Opinion on Smart Regulation for SMEs ⁽²⁾, to formally and systematically include regional and local SME envoys in the SME Envoys network, which acts as main governance instrument of EU SME policy;

⁽¹⁾ See, for example, Ewa Chomowicz: *EU budget post-Brexit. Confronting reality, exploring viable solutions*. Brussels, European Policy Centre [online version], p. 5-6 and 25-26, March 2017; Jörg Haas & Eulalia Rubio: *Brexit and the EU budget. Threat or opportunity?* Berlin, Delors Institute, p. 8-18, January 2017.

⁽²⁾ CoR opinion on *Smart Regulation for SMEs* (rapporteur: Christian Buchmann (AT/EPP), ECON-VI/020), pt. 8.

Access to finance

19. stresses that the most significant part of the COSME budget is dedicated to facilitating SME access to finance; considers that a future SME support programme should continue pursuing the priority objective of closing the SME funding gap;

20. requests, however, that particular care should be taken to ensure that a COSME successor programme addresses the funding needs of the entire spectrum of SMEs in different EU territories, including traditional SMEs, auto-entrepreneurs, micro-enterprises, and high-growth start-ups and scale-ups;

21. considers that a COSME successor programme should take account of the current post-crisis context, in which job creation is still lagging behind GDP recovery, and give particular focus to supporting the creation of employment in SMEs and micro-enterprises;

22. points out the need to devote sufficient resources to easing access to finance for the broadest possible range of businesses present in different territories, including traditional SMEs, micro-enterprises, cooperatives, and social economy enterprises, and during different stages of business development;

23. points out that many potential entrepreneurs lack the necessary information and basic business skills required to set up their company; suggests supporting these potential entrepreneurs through early-onset support offers providing targeted 'à la carte' training before they launch their business;

24. reiterates its suggestion, made in its Opinion on Smart Regulation for SMEs ⁽³⁾, to create a European 'Take One' scheme encouraging the hiring of a first employee by a solo entrepreneur or micro-enterprise through financial incentives and flexible rules, that could be funded through the COSME programme;

25. notes that the Loan Guarantee Facility (LGF) continues to be an essential instrument in helping SMEs access finance; requests that the guarantee instrument under a COSME successor programme should be equipped with adequate resources to address SME funding needs; considers that such an instrument should not include restrictions but remain open to different types of companies; believes that strengthening guarantee institutions and including them in lending chains can help facilitate SMEs' access to finance; therefore suggests integrating guarantee institutions in the design and delivery of guarantee instruments under a COSME successor programme;

26. points out that venture capital and other forms of risk financing tend to be invested mainly in large urban and metropolitan areas and that the limited number of financial intermediaries currently operating under the COSME Equity Facility for Growth (EFG) and their restricted sectoral focus may constitute a barrier preventing businesses in the start-up and growth phases from accessing EFG financing;

27. therefore suggests exploring how the current, purely demand-driven approach could be complemented by a risk capital instrument based on shared management of resources, potentially associating regional and local authorities, development agencies and banks under a COSME successor programme, in order to ensure a more balanced availability of risk capital across EU territories;

28. considers that alternative forms of finance such as crowdfunding, crowd-investing and peer-lending can be useful tools to improve access to finance and support innovative businesses; suggests that a COSME successor programme should create a clear framework to implement financial instruments through alternative finance;

29. suggests creating an expert group on alternative finance, including practitioners from the regional and local level, to offer inspiration and guidance in setting up such a framework and ensuring that it addresses the diverse needs of entrepreneurs, start-ups and scale-ups in different local and regional business ecosystems;

⁽³⁾ CoR opinion on *Smart Regulation for SMEs* (rapporteur: Christian Buchmann (AT/EPP), ECON-VI/020), pt. 48.

Access to markets

30. is of the opinion that EU-level actions in support of internationalisation of European SMEs can and must provide a real added value to European SMEs who desire to expand across borders; points out that these actions should be complementary to the initiatives existing at local, regional and national level in order to avoid overlaps and create a comprehensive and consistent set of measures;

31. in this regard, commends the Enterprise Europe Network (EEN) initiative co-financed under the COSME programme, which provides European SMEs with advisory services in the area of expansion across both the national and EU borders, as well as in innovation facilitation and development, including access to funding, and strongly supports its continuation, extension and upgrading under the successor of the current COSME programme, in the Brexit context;

32. emphasises the strong regional and local dimension of the EEN contact points, composed to a large extent by regional development, enterprise and innovation agencies, regional chambers of commerce and industry, clusters and universities, that are deeply embedded in the local reality and in close contact with local SMEs;

33. points out that regional and local authorities (LRAs) have a major role to play in helping their SMEs face competition, access foreign markets, and find new business partners within the EU and beyond;

34. highlights that the COSME successor programme should ensure that the EEN continues to be strongly tied to local and regional entrepreneurial ecosystems and that close collaboration is established with local and regional stakeholders, including local and regional authorities;

Encouraging entrepreneurship

35. commends the conception and results of the *Erasmus for Young Entrepreneurs* programme financed under the current COSME programme and recommends its continuation under the successor programme;

36. suggests to complement the scale-up advisors foreseen in the Start-up and Scale-up Initiative as part of the EEN services with a network of regional and local scale-up promoters, who could also form the basis for inter-regional scale-up partnerships offering matchmaking services and fostering inter-regional cooperation and cross-border investments;

37. suggests that the provision by the EEN of advisory services and information should be strengthened in the area of access to cross-border public procurement and cross-border business transfer opportunities;

38. underlines the need to ensure sufficient support for SMEs in the next MFF beyond 2020 by strengthening complementarity and by avoiding overlaps between the various SME financing instruments provided by the European Commission and the EIB/EIF;

COSME in the context of other EU programmes

39. points out that the financial means currently allocated to COSME, which correspond to less than 0,3 % of the EU budget, do not reflect the vital role played by SMEs and entrepreneurs in delivering growth and jobs; acknowledges, however, that funding lines supporting SME access to finance also exist in other EU programmes;

40. given the substantial budget allocated to SME support under the current ESIF Thematic Objective 3: SME Competitiveness maintains that coordination between a COSME successor programme and ESIF is essential; in view of ensuring better coordination between these instruments therefore recommends creating an SME steering group involving relevant Commission services as well as the CoR as the institutional representation of the local and regional authorities at European level;

41. suggests introducing single contact points providing information and access to all relevant instruments that are available under different EU funds and programmes to SMEs and entrepreneurs; considers that an extended and upgraded Enterprise Europe Network could fulfil this function on the ground;

42. calls upon the Commission to simplify both accessing financial instruments from individual programmes and combining support from COSME or a successor programme with resources from other funds and programmes; reasserts its concern, expressed in its Opinion on Smart Regulation for SMEs ⁽⁴⁾, about bottlenecks resulting from inconsistent requirements and conflicting definitions across EU sectoral policies.

Brussels, 31 January 2018.

*The President
of the European Committee of the Regions*
Karl-Heinz LAMBERTZ

⁽⁴⁾ CoR opinion on *Smart Regulation for SMEs* (rapporteur: Christian Buchmann (AT/EPP), ECON-VI/020), pt. 14.

Opinion of the European Committee of the Regions — Towards full implementation of the renewed European Strategy for the Outermost Regions

(2018/C 176/05)

Rapporteur: Fernando Clavijo Batlle (ES/ALDE), President of the Autonomous Community of the Canary Islands

Reference document: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank — A stronger and renewed strategic partnership with the EU's outermost regions

COM(2017) 623 final

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

1. points out that the Outermost Regions (ORs), which consist of eight islands and archipelagos spread across the Caribbean, the Indian Ocean and the Atlantic Ocean, and an isolated region in the Amazon, include six French overseas communities (French Guiana, Guadeloupe, Martinique, Mayotte, Réunion and Saint Martin), two Portuguese autonomous regions (the Azores and Madeira) and one Spanish autonomous community (the Canary Islands), which share the specific constraints set out in Article 349 of the TFEU, the persistence and combination of which hamper their economic and social development;
2. acknowledges the exceptional richness of their ecosystems, their great potential for developing renewable energy, marine and maritime, environmental, aerospace, astronomical, vulcanological, oceanographic and agricultural research activities, and sustainable tourism, and their rich cultural heritage;
3. stresses that, despite the challenges faced by these regions, which form the outermost borders of Europe, they offer business development opportunities in areas such as the blue, green and white economies, the silver economy, and the transition towards a circular economy, all with high potential for growth and job creation;
4. welcomes the EU's renewed commitment to the ORs and recognises the Commission's effort to consider the ORs' proposals in its Joint Memorandum entitled 'Towards increased vigour in implementing Article 349 TFEU'; this support, which is particularly important at a difficult time for the EU, reaffirms the EU institutions' commitment to creating a better fit for the ORs' circumstances;
5. points out that the new communication on the ORs is part of the EU's discussion on its future and the design of the next programming period, and that it comes in the light of the judgment of the Court of Justice of the EU of December 2015, which definitively clarified the scope of Article 349 TFEU as an autonomous and sufficient legal basis for the outermost regions;
6. believes that the new communication should make it possible to tackle the challenge of applying Article 349 TFEU systematically, thereby reconciling three aims in a single approach: equal opportunities, competitiveness and external reach: three inseparable dimensions which have become indicators for any ambitious public policy for the ORs, with tools to guarantee equal rights for their citizens;
7. regrets that the communication does not address the issues of key importance for the outermost regions, such as the impact of cohesion policy, specific adjustments in the areas of social and employment policy, transport policy, or regarding the future of special tax and customs regimes for the ORs, which are essential for their development;
8. welcomes the adoption of an approach based explicitly on the principle of subsidiarity, but regrets the confusion regarding the different levels of power involved and the lack of knowledge of the measures currently implemented by each level of power;

9. welcomes the fact that the Commission has decided to strengthen its partnership with the ORs to enable them to develop their full potential and benefit fully from EU membership, taking into account their concerns and opinions through ongoing dialogue. A stronger partnership between the ORs, their Member States, the EU institutions, the EIB and private sector stakeholders, is an essential dimension; in this respect, the biannual forums on the outermost regions have proved to be effective in giving all relevant stakeholders a voice, and it is essential that these are maintained;

10. draws attention to the stated need to carry out *ex ante* impact assessments of the legislative proposals for the ORs in order to devise tailored measures; hopes that, through this new boost, this recognition will become a reality in an effective way;

11. similarly, takes note of the European Parliament's Resolution of 6 July 2017 on promoting cohesion and development in the ORs of the EU: implementation of Article 349 of the TFEU, as well as the contributions of the three Member States in question;

The ORs at the forefront of Europe's challenges

12. reiterates its call for the social dimension of the EU to be strengthened and hopes that the European Pillar of Social Rights will tackle the issues experienced by regions such as the ORs, which are reflected in unemployment rates that are among the highest in the EU (especially among young people), rising inequality and high indicators of social exclusion, which attest to the difficulties they face in terms of employment, generating serious social discontent, as the protests in French Guiana demonstrated;

13. notes that the crisis has had significant negative effects on the ORs, placing them among the most affected regions in the EU, due to their structural characteristics: economic vulnerability, high levels of unemployment and a high proportion of low-qualified workers;

14. regrets the fact that, despite including a social axis in its 2012 strategy, the Commission has not fleshed it out with proposals for adaptation or tangible measures in line with the specific features of the ORs, to enable them to be given exceptional treatment in European programmes;

15. welcomes the fact that the Commission commits to assessing whether a specific allocation under the ESF for the ORs is justified; the uniqueness recognised in Article 349 TFEU broadly supports this allocation: therefore supports the call of the European Parliament and the ORs for it to be included in the next regulatory proposal on the ESF;

16. welcomes the proactivity of the ORs in setting up the OR Employment Network, whose aim is to develop proposals and projects aimed at alleviating the shortcomings of EU action in this area;

17. agrees that, despite progress over the years, the ORs continue to face serious challenges, exacerbated by climate change, globalisation and cyclical crises in the global economy, and supports the Commission in considering that there is a clear need to step up efforts to enable them to benefit fully from the advantages of EU membership;

18. calls for account to be taken of the impact of the UK's withdrawal from the EU at regional level in the area of the free movement of persons, goods and services, as it will significantly affect the regions, in particular the outermost regions, given that they have a high degree of interlinkages with the United Kingdom and cooperation with its associated regions, in areas such as tourism and traditional products;

19. notes that some ORs have experienced, and continue to experience, a high degree of irregular immigration, in particular of unaccompanied minors, who pose considerable problems in terms of management;

20. points out that the ORs form Europe's external borders in their respective areas, and notes that the differences in development between them and neighbouring countries encourage migratory flows;

21. points out that the ORs have a set of characteristics which make them particularly vulnerable to the effects of climate change. They are particularly exposed to natural phenomena, which have become more frequent and extreme, a clear example being the devastating consequences of Hurricane Irma when it passed over the ORs in the Caribbean, in particular Saint-Martin;

22. welcomes the Commission's proposals to strengthen the OR dimension under the LIFE programme and to draw up an assessment of the implementation of the European Solidarity Fund in these regions, and hopes that the difficulties in accessing it will be included;

The ORs, an opportunity for Europe. Test station for innovative projects

23. takes the view that the blue economy has great potential for growth and jobs in the EU, in particular for the ORs, as they strengthen the EU's maritime dimension and are key to international ocean governance;

24. welcomes the fact that the new communication recognises that renewable energies, in particular marine energy, remain insufficiently developed, and calls for the necessary support be provided in order to strengthen them, taking into account the fact that the ORs can legitimately assume a leading role;

25. welcomes the call for Member States to incorporate the specific features of the ORs into their national law, in order to promote the development of renewable energy and energy efficiency;

26. supports the EU initiative on clean energy for the islands, and calls on the ORs, whose electricity systems are completely isolated, to play an active role in this initiative via its OR Energy Network;

27. in this context, calls on the Commission to propose a new specific tool aimed at offsetting the additional costs associated with producing and storing clean energies;

28. points out that the ORs enjoy exceptional biodiversity, accounting for close to 80 % of Europe's biodiversity, and are among the 34 sites identified as being essential to the ecological balance of the planet;

29. welcomes the ORs' commitment to the circular economy and points out that the transition towards this requires major investments, in particular with regard to infrastructure, research and innovation activities, and raising awareness among members of the public;

30. welcomes the announcement of the proposal for a chapter dedicated to waste management in the ORs in the LIFE programme 2018-2020 and support to enable them to become test sites for circular economy pilot projects, as well as the plan to introduce provisions to facilitate the transfer of waste to neighbouring countries for treatment;

31. reminds the Commission of the need to adapt the current LIFE+ programme selection criteria to the situation in the ORs in the next programming period;

32. takes note of the Commission's intention to provide support for biodiversity conservation, the sustainable use of ecosystem services and climate change adaptation with a future specific programme applicable to all ORs; recommends that it allow projects to be funded in all ORs, as well as direct management by the Commission in partnership with the regions;

Promoting equal opportunities: European solidarity with tailored tools

33. considers that the economic and social adjustments undertaken by the ORs should be able to continue to rely on EU financial support, with provision for this being made in the design of the new European strategy for the period post 2020;

34. points out that the EGTC can be a suitable tool for boosting the cooperation opportunities and activities of the most remote regions such as the ORs;

35. supports the initiative to facilitate the ORs' access to the EFSI, through a single entry point within the EIB's European Investment Advisory Hub;

36. calls on the Commission to maintain consistency in its approach to State aid for the ORs and to consider their specificities in all guidelines, in close coordination with other EU policies;

37. believes that the ORs' diverse cultural heritage and their cultural and creative industries can have a greater economic impact in terms of employment, and that they possess great development potential, which is impacted by the additional costs associated with their remote location, limiting the circulation of works and artists; calls on the Commission to include a mobility axis at EU level with specific measures for the ORs in the next culture programme;

38. appreciates that the ORs benefit from the maximum amount of aid for mobility in the education and training programmes, and believes that it would be appropriate for this to be maintained in the future; also welcomes the possibility of extending this to third countries;

39. considers as a step forward the creation of a tool to track the progress of the ORs in their progressive integration into the single market and the announcement that the particular needs of businesses in the ORs will be taken into account in the new COSME strategies to support them in becoming more international;

Supporting better growth: competitiveness policies that serve regional projects

40. stresses that agriculture is a vital sector for the economy, the environment, spatial planning and employment in the ORs, as recognised by the EU when it made provision for special treatment through the POSEI scheme as well as specific derogations in the CAP, and calls for it to be maintained;

41. believes that the increasing liberalisation of the European and international agricultural market of products that match those of the ORs is gradually reducing their competitiveness; considers it necessary to provide for an increase in the financial allocation under POSEI in order to tackle these exceptional circumstances, among other structural reasons;

42. points out that the Commission should include a specific chapter for any matter of particular interest for the ORs in the trade agreements it negotiates with third countries or international organisations, as provided in Regulation (EC) No 228/2013 of 13 March 2013, and points out the need to include exclusion clauses for systemically sensitive products in these agreements;

43. considers it necessary, in the context of the bilateral agreements signed with Latin American countries in respect of banana imports, to extend the stabilisation mechanism beyond 2020, to make it function automatically and to evaluate its implementation of this response to other agreements and products;

44. welcomes the Commission's proposal to explore the possibility of granting State aid for the construction of new vessels in the ORs, respecting the sustainability of resources, and considers it essential to adopt support measures to allow for the financing of traditional and artisanal fishing vessels in the ORs, in line with EP's resolution of 27 April 2017;

45. notes that the fishing and aquaculture sector has high potential for growth and jobs in the ORs, and is not being given sufficient support. Moreover, local management in this sector has a direct positive impact on the sustainability of resources;

46. welcomes the Commission's decision to explore specific measures, notably a compensation scheme for the ORs, under the new programmes, and draws attention to the regions' request for the independent additional costs compensation programme to be restored, supported by a regulation, a budget and specific management, devoted to supporting fisheries and aquaculture in the ORs;

47. regrets the fact that the new communication does not address cohesion policy, which it nevertheless recognises as an important vehicle for economic growth and job creation; hopes that the Commission will take due account of the outermost regions when renewing its cohesion policy;

48. restates its support for a post-2020 cohesion policy that is strengthened, simplified and focused on its primary aim, namely ensuring balance and equal opportunities in all regions of the EU; the special treatment of the outermost regions in this policy should therefore be maintained;

49. regrets that the special additional allocation from the ERDF, which is essential for the ORs, has not been adequately developed by the communication, and is in favour of it being maintained and strengthened, since its purpose is to overcome the ORs' permanent structural disadvantages, which limit their competitiveness and development;

50. restates its position that financial tools cannot be a substitute for subsidies, which are vital for the convergence of the ORs within the EU; in any case, these tools should not be an obligation but merely an option;

51. regrets that the communication does not provide convincing, forward-looking solutions and proposals regarding the problems faced by the ORs in European territorial cooperation programmes, and therefore believes that an overall rethink is necessary;

52. reiterates the usefulness of the smart specialisation strategies and welcomes the recent networking momentum among the ORs;

53. welcomes the Commission's intention to make the ORs experimental areas, platforms for technology transfer and test sites for innovative solutions in their areas of excellence;

54. supports the Commission's initiative for the ORs under Horizon 2020 and notes that it will closely monitor the specific details relating to these regions stemming from it under the future EU research programme beyond 2020;

55. points to the strategic importance of accessibility (transport, energy and telecommunications) for the ORs, essential for endogenous development in these regions which are remote and isolated from mainland Europe, and in ensuring equality of treatment of their citizens;

56. welcomes the initiative to launch a study to identify and better quantify the connectivity needs of the ORs, which should take into account all the legal and financial tools used to this end;

57. underlines the importance of geographically and demographically challenged EU regions such as ORs, and their specific needs; calls on the European Commission to pay specific attention to the impact of EU mobility policies and programmes on such regions and to publish a Green Paper on this issue⁽¹⁾;

58. points out that airports and ports are the ORs' only entry and exit points and that they play an important social role; welcomes the possibility of financing investment in them, in justified cases, and the possibility of granting operating aid;

59. calls on the Commission, in its review of the TEN-T priorities, to examine how the specific needs of the ORs can be identified and included, in particular in the motorways of the sea, facilitating projects that enhance connections between them and their Member States or between the ORs and neighbouring areas in their respective geographical basins;

Enhancing the attractiveness of the ORs and boosting their regional and international image

60. notes that, in order to make the ORs more attractive and strengthen their ability to influence their respective areas, it is essential to include the geographic reality of the basin in all EU policies, thereby providing coherence between their internal and external dimensions;

61. recognises that the ORs undoubtedly have untapped potential and can therefore become economic drivers for their respective neighbouring geographical areas and act as effective intermediaries for EU influence in the world, especially with regard to its development policy;

62. will closely monitor the idea put forward of examining the possibility of directing new EU investment towards larger-scale priority projects in the ORs' geographical basins, and of exploring the possibility of creating joint programmes between the ORs and their neighbouring countries;

63. regrets the lack of an ambitious and coherent strategic framework, launched by the Commission, to make the economies of these regions more international;

64. welcomes the recognition of the importance of carrying out territorial impact studies in order to draw up and debate new legislative proposals and international trade agreements; believes that the ORs' authorities and experts should be systematically involved in assessing the potential territorial impact of European initiatives;

⁽¹⁾ CoR opinion on Mobility in geographically and demographically challenged regions (CDR 1691/2014).

65. warns of the difficulties in achieving synergies between the ERDF and the EDF, and agrees on the relevance of enabling cooperation projects that provide structure and have real added value to emerge;

Conclusions

66. considers that the aim of improving the consideration given to the ORs in European policies and initiatives remains a challenge that should be adapted to the challenges of European integration;

67. notes that it is crucial to implement Article 349 TFEU systematically and comprehensively, right from the initial stages of the decision-making process, in order to ensure that the implementation is tailored to the reality of the outermost regions;

68. will closely monitor the implementation of the new communication and the substance of the future proposals contained in it.

Brussels, 31 January 2018.

*The President
of the European Committee of the Regions*
Karl-Heinz LAMBERTZ

Opinion of the European Committee of the Regions — Erasmus for local and regional representatives

(2018/C 176/06)

Rapporteur: François DECOSTER (FR/ALDE), Member of the Nord-Pas-de-Calais Regional Council**POLICY RECOMMENDATIONS**

THE EUROPEAN COMMITTEE OF THE REGIONS,

Introduction and background

1. is fully involved in the debate launched by the European Commission in the *White Paper on the future of Europe — Reflections and scenarios for the EU* and has taken note of the proposals made by President Juncker during the State of Union debate in September 2017;
2. points out the European institutions are still considered to be remote or technocratic and that European citizens do not always see the benefits of key European decisions in their daily lives;
3. points out that, at European level, local elected representatives generally enjoy considerably higher levels of trust from their fellow citizens than the majority of national politicians;
4. notes that in light of the current geopolitical crises, the increased risk from terrorism and the Brexit negotiations, European citizens feel that it is more and more appropriate to take public action at European level to address our common challenges;
5. underlines that the key challenge is to foster not just technical knowledge about the EU and its institutions, but also an open mindset in favour of cooperation and exchange within the European integration context, which is based on the values of democracy, rule of law, respect for human rights and the principle of solidarity; this European spirit is the key ingredient to make European integration function as a means to preserve peace and build a sustainable and just future for all;
6. notes the success of the Erasmus+, programme, a shining example of European policy that will celebrate its 30th birthday in 2017. This programme has enabled more than 5 million Europeans to spend a period abroad, broadening and extending its target groups to include: students, college students, secondary school pupils, apprentices, teachers and trainers, young graduates, job seekers and volunteers and professionals from the voluntary sector and the sporting world;
7. welcomes the launch, on the initiative of the European Parliament, of the Erasmus for apprentices scheme;
8. recognises that technologies and lifestyles are evolving rapidly and that responses by public authorities must better take account of the human dimension of this development;
9. points out that local and regional authorities in Europe are facing challenges (the economic and financial crisis, climate change, demographic change and environmental problems, etc.) that require integrated measures and strategies;
10. highlights that multi-level governance, local self-government and decentralisation reforms emphasise the role that local and regional authorities play in implementing European policies and that it is crucial to assist them in developing expertise and skills in these areas;
11. insists that all those involved in implementing integrated development policies should be able to acquire the generic and multi-disciplinary skills and knowledge needed to enable the development of local and regional authorities;
12. notes that, in accordance with the principle of subsidiarity, in most Member States the local and regional authorities are directly responsible for designing public services and making them available. They also aim to ensure that these services they are performing effectively, while taking into account the opportunities offered by European public policies;

The European Union must develop new innovative tools to deal with current and future challenges

13. regrets the fact that, at a time when the EU is going through a period of major upheaval, the constraints of the Multiannual Financial Framework do not always allow the EU to be able to respond effectively to new crises or new challenges;
14. calls on the Parliament, the Council and the European Commission to propose measures to ensure that the Multiannual Financial Framework is more in tune with the major challenges of our time, in order to respond quickly to new concerns;
15. stresses the fact that that cross-border and interregional exchanges can strengthen links between different European, national and regional programmes and instruments that aim to boost innovation, growth and jobs;
16. acknowledges that EU responses are currently determined by rules that are unable to adapt to general changes and to specific situations and that is why the European Commission, particularly with its White Paper on the Future of Europe, proposes to move European strategies, policies and measures forward;
17. calls on the European Commission to take greater account of human capital in preparing the future multiannual framework, in order to better meet the needs of citizens and the challenges of this century;
18. calls on the next presidencies of the Council of the European Union to also better factor in human capital when outlining their programme;

The situation for local and regional elected representatives in this context

19. considers the 91 000 local and regional authorities, and therefore hundreds of thousands of elected representatives in the European Union, to be an essential link between Europe and its people. Developing their knowledge and skills in the field of European policy, and building contacts with elected representatives in different Member States (Programme Countries) and Non EU Programme Countries ⁽¹⁾, are key elements in developing human capital and meeting European integration objectives;
20. notes that local and regional elected representatives have not always received all the training required to perform their duties prior their election and that continuous training activities are a useful aid in supporting local and regional elected representatives in carrying out their role effectively; stresses that this training does not just consist of providing them with the appropriate technical knowledge, but should also allow them to understand the reasons for, and the spirit of, European integration in order to show to their voters why and how the European project can be of benefit for them;
21. considers the decisions taken by local and regional elected representatives to be closely linked to European legislation when:
- a. regions with legislative powers participate in the European decision-making process, attending working groups of the Council and Councils of Ministers open to regional participation;
 - b. they take part in European decision-making during the consultation phase, responding to the various public consultations carried out by the European Commission;
 - c. reports are drawn up by the Committee of the Regions in the areas of competence provided for in the Treaties;
 - d. they are applying European directives and regulations in a wide variety of fields (water, waste, mobility, energy, etc.);
 - e. they are applying for European funding (ERDF, ESF, etc.);
 - f. they are planning State aid;
 - g. they are cooperating with local authorities in different Member States;

⁽¹⁾ https://ec.europa.eu/programmes/erasmus-plus/programme-guide/part-a/who-can-participate/eligible-countries_en

Establishing an Erasmus for local and regional elected representatives

22. believes that the lessons learned from evaluating the preparatory action, the use of the Local Administration Facility (LAF) and exchange programmes between peers provide a source of information that can be used to improve the learning and exchange experience;

23. recommends that the exchange of good practices between local and regional authorities be encouraged, particularly as regards the use of the European Fund for Strategic Investments, the Horizon 2020 programme, cohesion policy and combinations of these programmes; this underlines the that the Erasmus for local and regional elected representatives could be used to assist the less economically developed regions in increasing their administrative capacities;

24. asks the European Commission to give greater consideration to the need to inform, assist and train local and regional elected representatives in the EU on making effective use of European funds and on interregional cooperation at European level;

25. calls on the European Commission to consult or take account of new initiatives proposed by groups of local and regional authorities, with the aim of improving current EU policies or launching new European initiatives;

26. takes the view that part of the responsibility for training local and regional elected representatives to provide them with a better knowledge of the spirit of European integration as well as European policies lies with the European institutions and that European bodies cannot ignore this call from local and regional elected representatives, particularly in relation to the European elections;

27. reiterates its support — outlined in its 2009 *White Paper on Multilevel Governance* — for the creation of an 'Erasmus programme for local and regional elected representatives', its desire to work with the European Parliament, the Council and the European Commission on outlining the conceptual and operational design of the programme, and its support for establishing training programmes and exchanges of good practices targeted at local and regional elected representatives;

28. recalls that a pilot project was set up in 2012/2013 and has been a resounding success with more than 1 000 applications received for 100 available places;

29. takes the view that this pilot project could serve as a basis for developing a programme that puts greater emphasis on providing training to improve knowledge of the European institutions and the functioning of the European Union by making use of practical case studies and exchanges with other local elected representatives and thus help individual local and regional representatives to experience first-hand the spirit of European cooperation in order to share this experience with their own citizens. Online training tools could also be developed with the aim of better preparing the mobility measures planned under the programme;

30. stresses the mobility aspect, which absolutely must be retained as the effectiveness of knowledge transfer through peer-learning is well documented by research. These multilateral exchanges between local elected representatives offer real European added value when compared with bilateral cooperation;

31. believes that this training programme could also utilise — albeit not exclusively — the European network of universities and 'grande écoles' in order to provide training for elected representatives, along with places which hold an important place in the European psyche and which have helped shape the culture and soul of Europe;

32. hopes that at the end of this basic training local and regional elected representatives will be able to cooperate with elected representatives working on the same topics in different Member States in order to:

- a. exchange good practices,
- b. improve their knowledge of European legislation,
- c. create constructive links between people,
- d. launch new local and regional initiatives;
- e. become more effective ambassadors of the benefits of cooperation with people from other countries, thus building a European spirit;

33. believes that this tool would also serve to strengthen the European spirit of local and regional leaders and would encourage the emergence of a European awareness among local and regional governments;
34. believes that these measures should be tested and improved in accordance with lessons learned from the pilot project, during the course of 2018, 2019 and 2020, with a view to subsequently including them in the European Commission's new legislative planning, on a different legal basis should this be necessary in order to create an Erasmus programme for local and regional elected representatives or local and regional actors;
35. emphasises that the programme should be designed so that full-time and part-time politicians, as well as those who occupy managerial posts of a more technical nature, can take part, and that care should be taken to strike a good balance between women and men and geographically, guaranteeing the involvement of representatives of local and regional authorities of all scales and population sizes;
36. calls on the Commission to propose one or more experimental approaches with a strong leverage effect, by learning lessons from the 2012 pilot project in order to improve the new programme, thereby enhancing the knowledge and experience of local elected representatives on the European Union and its policies;
37. takes the view that the costs can be shared by EU budgets, the respective local authorities of the elected representatives taking part and, if need be, training bodies receiving public funds in some Member States;
38. calls on Member States to support this initiative, which will benefit their citizens by providing a better knowledge of policies, the day-to-day life of local authorities in other Member States and European funds and their practical implementation as well as contributing to stability and mutual trust among Member States;
39. proposes that the European Parliament should support the Erasmus programme for local and regional elected representatives — as it did in 2012 — through various measures (reports, conferences, etc.) and particularly by proposing to include a pilot project in the budgetary procedure 2018, to be implemented in 2019;
40. emphasises that it will only be possible to create an Erasmus programme for local and regional elected representatives by allocating additional financial resources, without in any way penalising the budget of the Erasmus+ programme;
41. will become fully involved in establishing this programme by helping to compile the applications of the representatives taking part, disseminating the call for interest, holding a module during the European week of Regions and Cities and by helping to develop one or more of the online training modules;
42. calls for a working group made up of representatives of the European Commission, the European Parliament and the European Committee of the Regions to be established quickly to develop and prepare this programme.

Brussels, 31 January 2018.

*The President
of the European Committee of the Regions*
Karl-Heinz LAMBERTZ

**Opinion of the European Committee of the Regions — Promoting coexistence with conflict species
within the framework of the EU Nature Directives**

(2018/C 176/07)

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

Reference document: Own-initiative opinion

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

1. draws attention to the fact that biodiversity, the Natura 2000 network and the protection of species are an issue of common interest in Europe, one which concerns all the Member States, regions and local authorities, and thinks it is therefore very important to continue and further develop the current practice whereby Member States, regions and local authorities adopt coordinated measures to achieve the objectives and deliver shared benefits, in accordance with the principles of solidarity and subsidiarity;
2. restates the position it took in a previous opinion drawn up at the time of the fitness check of Nature Directives — a position shared by the European Parliament also — that there is no need to revise the Nature directives, but rather to focus on their proper implementation, in line with the latest technical and scientific progress, across the EU's different regions and Member States, taking advantage of the flexibility provided within the directives to address specific local concerns regarding conflicts that may arise between particular species and human activity; therefore commits to contribute to the Action Plan for nature, people and the economy ensuring adequate efforts also to promote coexistence with conflict species in the relevant actions on European, national, regional and local level too;
3. emphasises the critical importance of these directives, as the Natura 2000 network and efficient coordination of environmental protection policy have made a significant contribution to harmonising biodiversity objectives among the Member States, clearly demonstrating the added value of the European Union;
4. recalls the responsibility of Member States to find the appropriate solutions within their territories and within the framework and in the spirit of the directives to take account of the specific situations in different regions, regarding individual species and particular problems, involving local and regional authorities as well as all other stakeholders in the process;
5. notes that many of the problems related to the cohabitation between humans and 'conflict species' can be caused by the pressure exercised by human activity on the natural habitats of many species, and often inappropriate behaviour of humans vis-à-vis these animals, ranging from invasive activities in protected areas to active grooming for hunting or tourism, or inappropriate waste management which draws for instance large carnivores towards human settlements; underlines therefore the need to adopt a holistic approach to biodiversity and the need to find solutions for specific problems within local contexts, which in turn requires a close cooperation between different levels of governance and all relevant stakeholders;
6. hopes that when the next Multiannual Financial Framework is being planned, adequate resources will be granted to ensure funding of protection, prevention (including also awareness raising and environmental education), compensatory measures, research and other specific initiatives to promote development in the different areas for action, and under relevant EU Funds;
7. reiterates that improving biodiversity is in the interest of all local and regional levels in the EU and that there is, therefore, a continued need for coordinated measures;
8. draws attention to the quantitative and qualitative improvement in biodiversity in many regions, and to the concomitant increase in the likelihood of interaction with human communities. In case of some conflict species, these encounters may entail considerable risks for humans, and for economic activities, if local communities are not properly prepared or no suitable, realistic, proportional and locally adapted solutions are proposed to help them deal with these problems;

Towards more effective implementation

9. in view of the definition of conflict species as those which, due to their biology and ethology, compete with a range of human activities for the use of common resources and space, calls for new measures, based on scientific evidence, that can be used when devising suitable methods for implementing the directives and various other types of measures;

10. considers it indispensable for conserving biodiversity and implementing the directives to earmark funding for multidisciplinary, comprehensive research where the social sciences can play an important role alongside the natural sciences specific in this field;

11. underscores that local and regional communities are, in three fundamental respects, the front runners in protecting the environment and biodiversity: first, as the main drivers of investment drawing on funding from the Member States and the ESIF; second as public regulatory authorities or bodies responsible for issuing permits in the agricultural sector and for territorial and urban planning, hence in a position to exercise considerable influence over land use and ensure that environmental considerations are prioritised; third, local and regional bodies are in the closest proximity to local residents and fulfil an important function by providing them with information, incentives and support with regard to the protection of habitats and conflict species;

12. encourages the European Commission to continue and to step up efforts in the area of knowledge transfer to support solutions, at local and regional level, on how to live with conflict species, and, where possible, to turn potential problems into advantages; this should include the promotion of best practices on the most appropriate management models for areas covered by Natura 2000 and for protected species. Non-governmental organisations and other relevant stakeholders, as carriers of practical knowledge from relevant projects that they implement throughout Europe, should be considered strong partners in the area of knowledge transfer;

13. is concerned that in several Member States opposition has emerged on the part of local communities to the return, presence and expansion of populations of conflict species. Non-adequate solutions to conflicts, as well as ill-conceived, piecemeal or poorly explained management approaches lead to environment policy being rejected — particularly in certain regions where large predators are to be found — with an upsurge in illegal hunting, trapping and poisoning as a result, an absolutely deplorable trend which cannot be reversed simply by introducing bans and sanctions;

14. notes that in many Member States there are excellent local and regional practices of coexistence with conflict species, including large carnivores, and believes that for this very reason it is important to stress the need to encourage local and regional projects based on these examples; points out that besides these local, regional, or national public or private initiatives, LIFE projects can also provide good practices, if they are sustained and continued after the given project ends;

15. hopes that when the next Multiannual Financial Framework is being planned, actions related to protected species, our common European heritage, and particularly investments and initiatives concerning large carnivores and conflict species — that are effective, efficient and sensitive to the interests of communities — will be given appropriate consideration in the continuation of the Horizon 2020 programme and the mechanism following the ESIF;

16. assures the Commission of its unequivocal support for setting up platforms for biogeographical regions in the future and points out that direct involvement of local and regional bodies is imperative if they are to operate properly;

Research and development: new initiatives

17. stresses that procedures to select studies must place particular emphasis on research and development that works towards biodiversity goals, economic and social targets, and wildlife management objectives, and that lends itself to tangible and rapid implementation;

18. considers it necessary, when carrying out research and development work locally and regionally, to prevent disparities from arising, including under-representation, in access to research funding, of regions and localities that contain areas of great natural value and important habitats but that are less developed;

19. would like to point out that the various biodiversity pilot projects have made a significant contribution to the transfer of knowledge between Member States and have in many cases had positive results by helping local communities to better understand and take ownership of the various goals, hence leading to practical cooperation with public authorities and non-governmental organisations to protect endangered and valuable species;

20. notes, however, that in many cases these initiatives are not put on a permanent footing — i.e. they are one-off and temporary; therefore believes that the procedure to select these projects should include a criterion that considers practical monitoring of the projects previously carried out by the organisation in question or by its members, which will encourage efficient use of EU funds;

21. finds that new measures need to be put in place to encourage positive externalities — so often mentioned in relation to biodiversity and large predators — to fully develop in local communities: in many cases, these opportunities are still under-utilised in practice, or else the conditions for seizing such opportunities, especially the requisite expertise and assistance, are insufficient;

Specific aspects related to large predators

22. is of the view that in some regions the approach adopted so far to large carnivores — the behaviour, physical and ecological traits and instincts of which mean that they may cause significant damage to human health or even inflict fatal injuries, and which seriously endanger the health and welfare of livestock — is unsatisfactory, so there is a need to improve the management of the conflicts associated to large carnivores, fully exploiting the relevant experiences from research and development projects as well as from other relevant projects, with a view to reducing the impact and risk for humans and farm animals;

23. considers that a large carnivore, regardless of whether it lives within or outside a protection site under the Natura 2000 network, should be protected outside human settlements, in line with its protection level; is of the view, however, that if a large carnivore is entering human settlements regularly rather than occasionally, then this constitutes a pattern of behaviour that poses a risk to humans (particularly for children, the elderly and people with reduced mobility) and that such behaviour cannot be seen as natural for the 'conflict individual' of the species concerned; considers that in such cases, every effort must be made to reduce the risk, and, if unavoidable, to remove the 'conflict individual' in an appropriate way open to monitoring, or to take other necessary measures; such measures must be taken in accordance with the relevant management plans where they exist. The aim is to ensure that management plans are in place everywhere to govern both conservation and conflicts. In any case, measures against 'conflict individuals' must remain exceptional and should not affect the future and viability of the population;

24. deeply regrets that currently farmers and breeders are not party to the activities of the platform on large European predators, meaning that the special interests of this group of stakeholders cannot be voiced directly in the cooperation mechanism put in place by the European Commission; therefore urges all those concerned to demonstrate their willingness to reach a compromise so as to create the necessary conditions, as swiftly as possible, to ensure that all interests can be taken on board in this platform;

Regional and local aspects in relation to biodiversity

25. draws attention to the fact that the quality and surface area of large predators' habitats are improving in many regions, though this — in conjunction with agricultural factors — may however be accompanied by a decline in some traditional forms of farming; notes that in mountain pastures and meadows in particular, many other habitats, including areas protecting birds and plant communities, are disappearing as the human activities necessary for their survival are also disappearing;

26. is of the view, with regard to habitats and linked forms of agriculture, that new incentives need to be introduced and made accessible for farmers, both in areas that are directly covered by the Natura 2000 network and in neighbouring areas, as these forms of agriculture — especially traditional forms, which are mostly extensive and are sensitive to local conditions — make a significant contribution to improving biodiversity and sustainable development of rural areas. Urges the European Commission to propose such new incentives and possible adjustment methods in its forthcoming evaluation of the impact of the common agricultural policy on biodiversity;

27. acknowledges that local and regional authorities' measures to achieve the biodiversity objectives could be stepped up and made more effective, but is of the view that cooperation and coordination with the Member States and the EU should be strengthened in order to highlight the full range of possibilities offered by involving local and regional authorities for which an appropriate framework is needed;

28. requests that the Member States — and local and regional authorities first and foremost — be able to benefit from technical assistance provided by EU agencies so that they can set up their own programmes, co-financed with national and/or EU funds;

29. considers it vital for hunters, gamekeepers, foresters and livestock farmers to be directly involved in reporting on biodiversity and in drawing up action plans, given that for many valuable and protected species it is in fact those people who have made a significant contribution to bringing about and maintaining the current situation — seen as being natural — by taking care of and regulating stocks, organising and structuring forests, and managing the necessary infrastructure;

30. calls on the Member States to apply the exceptions and derogations set out in the Nature Directives for certain species which may cause conflicts with the requisite speed and flexibility and due regard to the situation at regional or local level and where necessary in cooperation with neighbouring Member States/regions; also believes that regional and national projects related to large predators and conflict species should take into account the distinctive features, traditions and natural and cultural heritage of local areas and regions;

Policy coherence

31. draws attention to the fact that payment systems related to Natura 2000 areas vary widely between Member States and notes that in certain Member States it was decided not to introduce these payments when implementing the common agricultural policy, despite the fact that they have significant populations of large predators; considers that steps should be taken in this area starting from the current programming period;

32. suggests that special attention should be given to the interconnection between habitats and the corridors used by large carnivores when transport infrastructure (particularly road and railway infrastructure) is being developed and modernised. Given the growing fragmentation of habitats due to the way that European landscape is divided up and its particular layout, large predators are often forced, whether individually or in groups, to cross areas used or populated by humans in order to migrate between different parts of their habitats. This situation requires particular attention at the level of land-use planning and the design of the management of protected sites and neighbouring areas;

33. calls on the European Commission and the Member States to tailor funding schemes more effectively to tackle issues relating to biodiversity and habitat management including large carnivores' habitats, to ensure that the necessary infrastructure and human capital for the management of conflicts between humans and certain species can be developed and quick and straightforward compensation be provided;

34. agrees that the multi-level governance model can be fruitfully applied to environmental protection, particularly to efforts to improve biodiversity, and therefore believes that new coordinated measures are also needed in this area;

Next steps

35. suggests, so as to promote the broadest possible and most well-informed involvement of local and regional authorities, holding a joint conference with the European Commission in 2019 on coexistence with conflict species and in particular large predators that is both safe and useful for communities. This would provide an opportunity to evaluate the impact of the own-initiative opinion and the functioning of the platforms on European and biogeographical regions, and to hold a policy and scientific debate on the specific measures to be put in place after 2021;

36. calls on the Commission to take the necessary steps to ensure that local and regional communities, their organisations and representatives are directly involved and can participate effectively and efficiently in setting up platforms and cooperation mechanisms on conflict species and in shaping policies in this area; asks the Commission to publish recommendations and guidelines in this domain to assist Member States, too, in exchanging good practice;

37. thinks that it would be useful for local and regional authorities affected by large predators to institute cooperation in the form of a European Grouping of Territorial Cooperation (EGTC) starting from the current programming period — either along macro-regional or biogeographical lines, or open to the entire European Union — so as to tackle shared or similar problems and take more effective and coordinated action.

Brussels, 31 January 2018.

*The President
of the European Committee of the Regions*
Karl-Heinz LAMBERTZ

Opinion of the European Committee of the Regions — Digital Single Market: Mid-term review

(2018/C 176/08)

Rapporteur: Alin-Adrian NICA (RO-EPP), Mayor of Dudeștii Noi**Reference document:** Mid-term review on the implementation of the Digital Single Market strategy —
A connected Digital Single Market for all

COM(2017) 228 final

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

General comments

1. is pleased that the European Commission has undertaken to assess the state of implementation of the digital single market strategy at this midway point; this is extremely useful for identifying the progress made so far and the measures that need to be taken in order to follow through on the commitments made and areas requiring further effort and more measures;
2. reiterates the importance of local and regional authorities (LRAs) and the role they play in implementing the recommendations of the digital single market strategy, as they drive economic growth at local and regional level and can generate, use and manage many digital products and services;
3. highlights the support provided for the development of electronic communications in the internal market in order to foster dynamic and sustainable growth in all sectors of the economy, and, in this regard, points to the crucial role and potential of LRAs in the digitisation of European industry;
4. notes the important role that LRAs play in providing digital services for individuals and creating and managing digital infrastructure, often as part of cross-border or interregional cooperation; these services require immediate action in order to make balanced changes with regard to barriers to cross-border online activity, including differences between Member States' laws on the organisation and operation of the public administration, contracts and copyright ⁽¹⁾;
5. recommends laying the groundwork for all areas to be connected to broadband and ultra-broadband services, which will be efficient in the long term within a competitive environment, and calls on the Commission, as part of the implementation of the digital single market, to also report regularly on the progress made in bridging the digital divide, particularly at regional and local level ⁽²⁾;
6. stresses the importance of covering all aspects of interoperability and electronic identification (eID), the electronic signature, electronic document management and other building blocks of e-governance (eGovernment), using models applied in countries/regions that have made significant progress in this area, thereby ensuring the security and trust of individuals and businesses;
7. highlights that the digitalisation of society is an opportunity for growth and job creation, especially in remote regions and in regions facing demographic challenges;
8. supports the modernisation of the legal framework on copyright in the light of the digital revolution and changes in consumer behaviour and emphasises the key role and potential of LRAs in the harmonisation of copyright rules;

⁽¹⁾ CdR 00039/2016.⁽²⁾ CdR 02646/2015.

9. reaffirms the importance of investment in ICT research in order to ensure economic growth and the establishment of new businesses and believes that the use of ICT in innovation could address key socio-economic challenges ⁽³⁾;

10. proposes analysing the case for applying a fair, objective system of taxation on revenue from cross-border online sales which will ensure a level playing field in terms of tax paid by companies involved in EU-wide e-commerce, thereby boosting trade, particularly for SMEs;

Cybersecurity and providing more effective tools for combating cyber incidents

11. stresses that the European Commission's new cybersecurity strategy should help improve the prevention, detection and response to cyber incidents and lead to better information sharing and coordination between Member States and the Commission against major cyber incidents; achieving this will require close cooperation in partnerships involving Member States, the EU institutions, LRAs, the private sector and civil society ⁽⁴⁾;

12. strongly calls for the development of standards, instruments and mechanisms to ensure the security of networks and information systems that can keep up with rapidly-changing cyber threats, in order to guarantee a high level of protection in all Member States;

13. stresses that security vulnerabilities in data storage and access and an increasing number of cyberattacks on important urban infrastructure and city management systems call for a wider set of systemic and coordinated interventions that encompass mitigation, prevention, and ensure enactment through both market-led initiatives and government-led regulation and enforcement. Advanced security training should be developed and implemented also at the level of local and regional authorities, including for those involved in the e-procurement, rollout and daily running of smart city technologies;

14. points out that the digital single market objectives can be met only if values, society and the national economy are safeguarded from the harmful effects of cyberattacks and if fundamental values, such as freedom of expression, the right to privacy and the promotion of open, free and transparent use of cyber technologies, are upheld;

15. draws attention to the danger inherent in cross-border cyber incidents, which are now becoming alarmingly frequent and serious. Given that these threats to networks and information systems can hinder economic activity and result in considerable financial losses, undermining user confidence and causing substantial damage to the EU economy, the Committee calls for the cooperation and coordination between countries to be stepped up, particularly as regards the management of large-scale cross-border cybersecurity incidents;

16. is convinced that user confidence in electronic services must be boosted, ensuring that users are informed of their rights and protected while online; such protection should go hand in hand with protection of copyright and intellectual property;

17. agrees that an EU cybersecurity agency with full operational capacities should be set up and given a stable operational framework, incorporating the responsibility for the entire cybersecurity lifecycle and for prevention and detection of cyber incidents and responding when they occur;

18. endorses the proposal to maintain, in administrative terms, and manage technically an EU framework for general cybersecurity certification which will build on existing security certification systems and be accepted across the EU;

19. recommends keeping up the efforts to combat cyberattacks by implementing, in an appropriate legal framework, security measures which will improve the protection of critical infrastructure so that individuals and companies can enjoy a safe, reliable digital environment, while also upholding fundamental rights and other core values of the EU;

⁽³⁾ CdR 5559/2013.

⁽⁴⁾ CdR 625/2012.

The development of online platforms

20. flags up the role of platforms in facilitating debates on issues that are of common interest and relevant to the establishment, maintenance and development of high-speed broadband networks throughout Europe's regions and territories;

21. is pleased that the Commission has announced that it intends to set up digital innovation hubs, and calls on the Commission to ensure that funding is distributed with an eye to geographical balance ⁽⁵⁾;

22. notes that broadband networks need to be established in order to overcome current economic and social challenges and promote inclusion in a knowledge-based society;

23. points out that internet use and use of the services available on it are factors in economic growth and jobs, social equality and equal access to information. Internet access could become a citizen's right and an indicator of quality of life;

24. notes the growing influence of online platforms (search engines, social media, app stores, etc.) in the online economy;

25. recommends that networks be established sustainably and efficiently. Rolling out a high-speed network with a good level of coverage also requires heavy long-term investment in infrastructure, and the competent authorities must provide the tools needed for businesses in rural areas to access the network easily;

26. proposes focusing on allocating radio frequencies more efficiently and boosting private investment, supplemented by public investment, to meet the objectives in the area of electronic communication systems, and avoid the monopolisation of networks;

27. considers that greater trust needs to be built among individuals and businesses in the use of electronic services by means of an ongoing information campaign about their rights and by ensuring that they enjoy an appropriate level of protection while online, and calls for the identification of effective measures for quickly taking down any illegal content to which they may be exposed;

28. emphasises that a coordinated response from the Member States, the local and regional authorities, which in many cases are responsible for schools and educational institutions, and other stakeholders is needed in order to sustain efforts to enhance digital skills and prevent people being excluded from society and the ICT-based economy. Insists in this respect on the enormous importance of digital literacy and skills for citizens, workers and jobseekers for the comprehensive implementation of digitalisation in the economy and society ⁽⁶⁾ and expresses concerns over the persisting digital skills gaps identified by the Commission;

Providing the framework for the data economy to function

29. notes that the constantly changing economy, in the process of digitisation, opens up fresh opportunities for LRAs to optimise the growth potential of the digital economy. Substantial investment in infrastructure and ICT technologies are needed, particularly in cloud computing, big data, and research and innovation, in order to make industry more competitive and improve public services, inclusion and skills. Supports in this context the Commission's initiative announcing that, as a follow-up to the Communication of 21 September 2017 on A Fair and Efficient Tax System in the European Union for the Digital Single Market, it will by spring 2018 present a legislative proposal on EU rules for the taxation of profits in the digital economy ⁽⁷⁾;

30. welcomes the roll-out of free internet connectivity for users in local communities through the WiFi4EU initiative, which will encourage private investors to participate in the development of digital network infrastructure;

31. supports the WiFi4EU initiative and intends to ensure that local communities are aware of it and to inform people about its potential advantages so that when the first call for proposals comes, as many eligible European authorities as possible are prepared to apply for access to the available funding;

⁽⁵⁾ CdR 02646/2015.

⁽⁶⁾ CdR 02646/2015.

⁽⁷⁾ See CoR opinion COR-2017/01530.

32. notes that improving broadband will be instrumental in developing 5G networks — which will be important for the digitisation of the economy and society — and innovative, competitive digital services, yielding long-term benefits for the economy and society, growth, jobs and cohesion. Reiterates to this effect its call to the European Commission to complete 5G standardisation as quickly as possible, given that standards are of paramount importance for the competitiveness and interoperability of telecommunication networks;

33. notes the problems currently encountered in accessing cross-border services, as regards consumers who wish to access services provided by a state other than their country of residence;

34. stresses the positive impact that cross-border portability of electronic services will have, given that users will be able to access online content to which they have subscribed in their home country even when travelling in other Member States;

35. strongly calls for efforts to be stepped up to make it easier for all Europeans to access online services available in other Member States as a response to the problem of geo-blocking, and calls for an end to unjustified discrimination against consumers in other Member States;

36. supports banning both the blocking of access to websites and other online interfaces on the basis of the customer's place of residence, and the redirecting of customers from one national site to another, given that both consumers and businesses, the end users of goods or services, are harmed by such practices. Clients should only be redirected if they have consented to this, and businesses must give clients the option of continued easy access to the online interface that they were using before being redirected;

37. points out the imbalance that currently exists between the interests of digital content creators and those of consumers, and notes the need to modernise the legislation on copyright and intellectual property;

38. notes that digital developments such as cloud services and streaming pose huge challenges, particularly in the field of copyright ⁽⁸⁾;

39. encourages greater use of cloud computing applications in order to access European, global and other types of data infrastructures, which are necessary for activities in various sectors. A high level of security, data portability and interoperability must be guaranteed when accessing data infrastructures;

Ensuring that personal data are protected

40. underlines the key responsibility of independent data protection authorities;

41. considers it necessary to adapt the strategy on personal data protection to the constantly changing needs of cyberspace, since the protection of personal data has ramifications across a range of sectors such as justice, the economy, communications, education, health, administration and consumer protection;

42. is pleased that the Commission has granted the Member States room for manoeuvre with regard to applying the exceptions for the use of protected works for educational purposes. National, regional and local identity will thus be upheld, along with the specific types of licence resulting from different political and social circumstances ⁽⁹⁾;

43. considers that, in the long term, the legal framework for the remuneration of authors, creators and artists needs to be harmonised ⁽¹⁰⁾;

Local and regional relevance/Importance for the CoR

44. considers that cities and regions have a key role to play in creating databases of public information, providing data security, developing the necessary digital skills, securing and facilitating funding for broadband networks and creating the right environment for trans-regional and cross-border exchange of online services, all of which can substantially support the creation of high-level services and the data economy;

⁽⁸⁾ CdR 02646/2015.

⁽⁹⁾ CdR 05114/2016.

⁽¹⁰⁾ CdR 00039/2016.

45. points out that previous CoR opinions have often stressed the contribution the local and regional level can make at all stages of collecting data and providing services to individuals and businesses. This can be seen in practice as well: in Europe there are many examples of the potential there is in cooperation between the regions, national authorities and research centres in the field of the digital single market;

46. highlights the important role that local and regional authorities can play in supporting the harmonising of data and the growth potential of the digital economy, and would call for this to be considered when an action is taken at national or EU level;

The impact of the UK's intention to withdraw from the European Union on the digital single market

47. notes that, following the vote by the British people to leave the European Union, businesses are now faced with a period of uncertainty until the terms of the UK's withdrawal are made clear. For those businesses that provide goods or services online, particularly digital content, a key question is how the European Commission's digital single market initiative will apply to the UK now;

48. advocates that, if the UK agrees to free movement of goods and services, the digital single market should apply in the UK beyond the two-year Brexit negotiation period.

Brussels, 31 January 2018.

*The President
of the European Committee of the Regions*

Karl-Heinz LAMBERTZ

Opinion of the European Committee of the Regions — Reflection Paper on the future of EU finances

(2018/C 176/09)

Rapporteur: Marek Woźniak (PL/EPP), President of the Wielkopolska Region**Reference document:** Reflection Paper on the future of EU finances, European Commission**POLICY RECOMMENDATIONS**

THE EUROPEAN COMMITTEE OF THE REGIONS

General comments

1. welcomes the action taken by the European Commission with a view to launching a broad debate on the future of Europe. The Reflection Paper on the future of EU finances indicates the main challenges facing the European Union after 2020, as well as the commitments to be met. It forecasts how the five scenarios set out in the white paper will impact the structure of the next multiannual financial framework (MFF) and presents the possibilities, reform options and risks for the EU's future budget;
2. notes that the EU budget faces many long-term challenges and its current level of funding is insufficient, meaning that the multiannual financial framework needs to be fundamentally revised. The future vision of the budget must correspond to the EU's new ambitions, which will require the budget to provide funding from a variety of sources after 2020. Meanwhile, EU spending should continue to provide greater European added value;
3. is convinced that the Reflection Paper's analysis demonstrates the need to change the governance rules applying to the MFF and the EU's financing system. The current situation — where the European economy is in a phase of recovery and where the United Kingdom's withdrawal from the EU should lead to an end of rebate systems — offers an unprecedented opportunity since more than 30 years for a deep reform of the EU's financing system;
4. underlines the importance of the multiannual financial framework, which should continue to have an investment-related angle and support common EU goals and policies. There is, therefore, no need for special instruments that operate outside the MFF, nor to create separate budgets for the euro area countries and the other EU countries;
5. recalls that the economic crisis highlighted the EU budget's limitations, which represents just 1 % of the EU's GNI but is used to carry out horizontal tasks that go beyond Member States' ability to tackle. The current MFF is important in terms of achieving economic, social and territorial cohesion, supporting research and development projects and transport infrastructure, and creating jobs. However, it is not flexible enough to meet the expectations and the newly emerging challenges that have meant that the current budget's maximum ceiling for appropriations has had to be reached;
6. also notes that the 'net balance' approach, which overlooks returns on investment for the private economy, and protracted negotiations over each euro spent as part of the annual budgetary procedure obscure real European added value and make it difficult to achieve more ambitious policies and programmes. Moreover, the levels of both expenditure and current system of own resources have proved to be sub-optimal. Calls on the European Council to act by a qualified majority on the regulation laying down the MFF as foreseen in Art. 312, paragraph 2, sub-paragraph 2 of the TFEU;
7. draws attention once again to the EU's evolving needs and the significant challenges facing the post-2020 EU budget in the following areas: (1) social justice and poverty; (2) access to public services, housing and education; (3) competitiveness and innovation; (4) job creation; (5) demographic change, migration, and citizens' safety; (6) common defence policy; (7) climate change; (8) economic, social and territorial cohesion; (9) agriculture and food safety; (10) infrastructure and mobility; (11) energy; (12) the impact of globalisation; (13) sustainable growth; (14) the particular impact that the United Kingdom's withdrawal from the EU may have in certain areas; and (15) digitalisation. The MFF must therefore focus on ensuring that there are resources to overcome these problems so as to produce tangible European added value for EU citizens;

8. notes with concern that cuts to the EU budget (including those related to Brexit) without an increase in financial means from own resources will increase the burden on Member States in the form of contributions, or will inevitably lead to constraints in terms of the policies that receive support;

9. underlines the importance of using the EU budget in a more effective manner through expanding the partnership principle to all aspects of the budget and the streamlining of Funds and their respective rules;

10. calls, therefore, for the future common financial framework to be larger so as to enable the EU to assume responsibility for fulfilling the goals in the treaties and new political priorities and the resulting duties. This should not restrict the common agricultural policy or a cohesion policy, for all Member States and regions, which should — given the scale of the challenges facing the EU, and their structural nature — continue to receive at least the same share of the EU budget;

11. considers that the scale of the challenges facing the EU, as well as the dynamic processes taking place around it, mean that the EU budget must be more functional and flexible than before, and must be more reactive to new trends and changes in policies. This principle should apply both to adverse tendencies and to emerging development opportunities. Thus there is a need to adopt an EU budget that is simpler, more transparent, fairer and more in line with democratic principles, following the recommendations of the high-level group on own resources;

12. notes that the future EU budget has to take into account areas' particular characteristics in terms of development potential and deficits as well as geographic and demographic challenges. An EU budget constituted on this basis will make it possible to take greater responsibility for the commitments made and the impact of measures at regional and local level. Thus it points out the particular role of shared management which ensures cohesive territorial development by linking EU policy with its implementation on the ground;

13. is concerned to note that the Reflection Paper — dedicated to issues that will be crucially important to Europe's structure in the coming years — does not underline the role of local and regional authorities, particularly in cases where the competencies in the areas described in point 7 are their exclusive responsibility;

14. recalls that the specific reference to the promotion and protection of regional and local authorities in the Treaty of Lisbon must be fully put into practice by respecting the principle of subsidiarity and by ensuring that local and regional authorities — notably through the CoR — can participate in the European legislative process considering that they are most often the final beneficiaries of EU policies and programmes but also that they play a determining role in the implementation of EU legislation. Furthermore, the EU budget should ensure compliance with the principle of subsidiarity, so as to adequately reflect the division of tasks between European, national and local levels;

15. reiterates its support for the seven-year programming period, as stated in its opinion on the future of cohesion policy. However, the CoR also recognises the advantages of an extended 10-year programming period (5+5) with an obligatory, full-fledged mid-term revision. Therefore suggests to support a seven-year-period for the last time before adjusting it to the electoral cycle. These scenarios would provide sufficient stability and predictability, as well as enabling strategic planning requirements to be met more effectively. Furthermore, a full-fledged mid-term revision would mean that the results from the first period of implementation would already be available and could be implemented to make the use of the EU budget more reliable and accurate. It should also be possible to apply a budgetary flexibility criterion, in order to be able to take measures in serious crisis situations or in response to changes in priorities;

16. welcomes the European Commission and European Parliament's proposed clear and ambitious timetable for procedural work towards adopting the new multiannual financial framework, enabling agreement to be reached with the Council before the 2019 European Parliament elections. The Committee is, however, deeply concerned by the Council's proposal that the final arrangements on the future MFF should be adopted only after the United Kingdom's departure from the EU. It warns against the MFF decision-making process becoming too long, as this would lead to a substantial delay in adopting the future legislative package and thereby preventing it from being implemented in a timely manner;

17. points out that the timetable still makes no provision for a follow-up framework strategy for Europe 2000. In this connection, calls on the Commission to start work as soon as possible on such a strategy, which should set out ambitious but realistic strategic objectives aimed at adapting future EU and national policies more effectively, making use of the available tools and financial resources;

18. points out that any 'transitional provisions', although allowed by the MFF financial regulation, will lead to serious legal and operational problems at the beginning of the next multiannual financial framework, with a detrimental impact on the operational programmes and beneficiaries, particularly in local and regional authorities. The CoR declares its willingness to contribute and support the European Parliament, European Commission and Council in the MFF negotiations;

European added value (EAV)

19. welcomes the proposed concept of European added value, which relates to treaty-based commitments — the necessary frame of reference for the debate on the MFF;

20. considers the proposed criteria for delivering public goods with a European dimension, economies of scale and spillover effects, as well as safeguarding common European values and strengthening the single market, to be appropriate. The definition of EAV that is given inspires confidence that the principles of subsidiarity and proportionality will be upheld in the case of measures taken at EU level. It is particularly important to note that reducing development disparities between — and within — EU countries is one of the preconditions for improving the competitiveness of the EU as a whole. There is, therefore, a need to emphasise the role of cohesion policy in generating European added value, which it achieves by implementing structural reforms, developing administrative capacity at all levels of governance ('spillover effects'), and providing direct support e.g. under the 'Lagging Regions' initiative;

21. welcomes the Commission's call for the MFF to focus on priorities that can make a significant difference to people's lives and help restore trust in the EU added value. To this end, the EU budget should also better reflect the dialogue with the citizens, in particular via the two political assemblies with democratically elected members (the European Parliament and the European Committee of the Regions); in addition, more synergies should also be created with national and regional parliaments and regional and local assemblies;

22. also supports, in this regard, the European Parliament's call to further develop assessment methods, such as by incorporating appropriate performance indicators or by taking the impact of specific policies on regions into consideration, with the help of current cohesion policy instruments such as the Open Data Platform for the ESIF. In addition, decisions on policies to be supported should be based on a qualitative and policy-based assessment of EU priorities and should not be exclusively limited to a quantitative analysis;

23. stresses that there is a risk of taking decisions that do not promote measures with high added value for Europe, but rather those that relate to national concerns — such as net balance or the protection of specific budgetary limits — due to the influence of powerful political interests; calls on the Council to avoid MFF negotiations based on net-balance calculations, since firstly non-direct benefits (e.g. foreign company building EU-project) cannot be taken into account in these calculations and secondly these calculations contradict the European spirit of cohesion and solidarity;

Budget reform

24. is convinced of the need for a fundamental reform to abolish ineffective rules and instruments and to make the more effective ones more prominent. The Committee reiterates that the complexity of the structure of the budget — in particular its rebate and adjustment mechanisms — makes the EU's actions less clear and aggravates the crisis of public trust in EU institutions. Therefore it calls for these mechanisms to be removed, with the aim of enabling a genuine evaluation of the EU's costs and benefits. The CoR points out, in this regard, the need to ensure a broader scope for measuring the collective benefits of EU policies, economic synergies, cross-border effects and positive external outcomes;

25. calls for the MFF to be **harmonised and made more transparent**. The Committee points out that creating satellite instruments is not the right solution. It remains convinced, therefore, of the need to include special instruments in the structure of the MFF (e.g. the European Globalisation Adjustment Fund) and to ensure synergies with the help of a single rule book;

26. notes that the current EU budget is not large enough to enable it to exercise a stabilising effect, meaning that there is a need to make use of own resources to support the EU's post-2020 multiannual financial framework. The CoR reiterates its call to introduce new sources for own resources in the form of a package combining different taxes (European Corporate Income Tax (ECIT), CCCTB, FTT, seigniorage, taxation of profits in the digital economy, reformed VAT);

27. calls on the Council and the presidency of the Council of the EU to exert every effort to persuade the Member States to thoroughly reform the EU's own resources. The conclusions of the report of the high-level group on own resources provide an excellent basis for making this argument;

28. calls on the Member States to consider increasing their contributions to the EU budget based on their level of revenue as measured by gross national income (GNI);

29. warns that setting the level of expenditure at 1 % of the EU's GNI following the United Kingdom's departure from the EU would lead to an annual reduction in the EU budget of over EUR 23 billion. The CoR therefore calls for the future budget to be set at no less than 1,3 % of the EU's GNI, thus supporting the European Parliament's standpoint on this question;

The future budget

30. calls for the structure of the MFF to be **streamlined**. The main areas of funding should reflect the priorities to be supported and should be easily recognisable by citizens (e.g. cohesion policy, CAP);

31. calls for measures to ensure that the future MFF strikes a balance between the necessary flexibility and stability of financing in areas of activity that are of strategic importance to the EU. In this connection, it is necessary to create an appropriate mechanism to allocate reserves which would enable the unjustified accumulation of resources to be avoided while also setting out clear criteria for how they are to be distributed. The Committee therefore proposes the creation of a crisis reserve for situations when a new task or an unforeseen crisis comes up, and a non-programmed reserve. It also suggests strengthening the special flexibility tools that currently exist;

32. points to the need to **ensure consistency** between EU tools, so that all of them contribute to the achievement of EU objectives and facilitate implementation of reforms in Member States;

33. calls for all collected fines in the field of competition policy to be put in the EU budget as assigned revenue;

34. underlines the need to promote greater **complementarity** and to limit overlap between the EU's existing financial tools so as to ensure greater efficiency growth in the future EU budget. Such a process of consolidation would also make it possible to increase the critical mass of funding tools and help make access to these funds easier and more transparent;

35. continues to believe that the future budget should be **focused on results**. In relation to the link between EU resources and economic policy coordination in the EU, the CoR opposes the concept of merely subordinating cohesion policy to the 'European Semester' exercise instead of alignment, since cohesion policy has its own legitimacy, enshrined in the European Treaties. Moreover, if the link was to be made more effective by including cohesion policy in national reform programmes, the latter must, starting from the European level, be redesigned in a way that maintains the territorial dimension and the partnership-based, decentralised approach⁽¹⁾. The CoR is also convinced that in order to make the European Semester more effective and increase ownership on the ground a structured involvement of the local and regional authorities as partners in the European Semester in the light of the actual division of powers and competences across levels of government in EU Member States is a condition sine qua non⁽²⁾;

Areas of future funding

36. proposes that the place-based approach to implementing EU policy be further supported by strengthening the position of the local and regional levels, as well as functional interregional areas, as key representatives in achieving EU objectives for citizens;

37. reiterates, in this regard, its call for cohesion policy to continue to be prioritised under the future budget structure for the benefit of all regions of the EU and strongly supports the #CohesionAlliance. The CoR is of the opinion that the three dimensions of cohesion (economic, social and territorial) play a key role in promoting stronger economic convergence in the EU, ensuring a more integrated Europe with a stronger social element and making it possible for all areas of the EU to benefit from the single market. Greater cohesion and territorial resilience are key determinants of the EU's competitive position on the global stage;

⁽¹⁾ See CoR Opinion on The future of Cohesion Policy beyond 2020 'For a strong and effective European cohesion policy beyond 2020', adopted on 12 May 2017.

⁽²⁾ See CoR Opinion on Improving the governance of the European Semester: a Code of Conduct for the involvement of local and regional authorities, adopted on 11 May 2017.

38. is convinced that the new budget must focus more on seeking out and creating sustainable advantages and making better use of development potential and resources. In this sense, cohesion policy is able to guarantee real and measurable results at EU and at lower levels. Therefore as a policy which generates European added value, its share of the overall EU budget should at least be maintained;

39. highlights the need to continue to provide sufficient funding and to support the internal development of all territories in the framework of the cohesion policy. At the same time, the Committee stresses that this policy should be made more flexible for local and regional authorities, which are directly and indirectly involved in spending 75 % of the EU budget;

40. calls for the current shared management of the European Structural and Investment Funds to be maintained, as this guarantees their effectiveness and enables a continuous dialogue throughout the programming period; highlights in this respect the particular importance of the European Social Fund (ESF), within the ESIF, in implementing the European Pillar of Social Rights and overcoming social disparities in the EU. It also asks that the European Globalisation Adjustment Fund (EGF) be an integral part of the future ESIF;

41. calls for the CEF instrument, COSME, LIFE, Horizon 2020, Erasmus+ and the Youth Employment Initiative to continue to receive an appropriate level of funding;

42. points to the growing need to make greater use of territorial cooperation programmes (cross-border, transnational and interregional cooperation) and macro-regional strategies to strengthen competitiveness, employment and social inclusion in Europe. These programmes and strategies also create high added value for the creation of a shared European identity;

43. notes that more should be spent on research and innovation, which have a particularly large impact on the economic growth, productivity and competitiveness of the EU;

44. calls once again for efforts to ensure a fair, sustainable and solidarity-based agricultural policy⁽³⁾ with a budget that is big enough to be able to support farmers, regions, consumers and citizens. The Committee recommends regulating agricultural markets to avoid costly sectoral crises, and capping direct payments per farm, which would save funds in the first pillar of the CAP. Rejects any ideas to introduce co-financing of direct payments by the Member States; renationalising the CAP would disadvantage the agriculture of many EU Member States; the Committee is in favour of strengthening the second pillar in order to ensure that it is possible for rural areas to implement appropriate development measures, and also calls for increased possibilities so Member States can transfer funds from the first to the second pillar;

45. believes, beyond the single Common Agricultural Policy, that it is essential to consider the rural dimension in all European policies fully in line with the implementation of the objective of territorial cohesion of the EU. Indeed, as illustrated by the CoR study on the European budget devoted to rural areas, the needs of rural areas go far beyond what the CAP's rural development policy can do. Therefore, a better consideration of the rural dimension in the next generation of Structural Funds is needed and should be based on the adoption of an European 'rural agenda';

46. reiterates its call for measures to ensure a fiscal capacity mechanism that creates incentives for the implementation of structural reforms in the Member States, whose scope ought to be defined according to their European added value, on the one hand, and an interim capability to absorb asymmetric economic shocks, on the other. This may be in addition to cohesion policy instruments and must be closely linked to compliance with the wider EU regulatory framework and to progress towards convergence, without detracting from the resources of the cohesion policy itself. The Committee remains convinced that the fiscal capacity mechanism should be subject to joint decision-making fully involving the European Parliament, and be implemented, at the level of Economic and Monetary Union and, in keeping with the principle of voluntary participation, Member States outside the euro area should also have access to it;

47. also recalls its opposition to euro area fiscal capacity being made a euro area budget heading in the EU budget as long as the own resources ceiling remains fixed at the current level of 1,23 % of EU GNI since this proposal would either imply inadequate resources for the fiscal capacity to play a stabilising role or carry the risk of a crowding out effect on EU policy financing such as the ESIF;

⁽³⁾ See CoR opinion on The CAP after 2020, adopted on 12 July 2017.

48. recalls its call for including GDP-complementing measures in the setting up of a new generation of the European Structural and Investment Funds in the next multiannual financial period, which would enable the rate of co-financing by category of region to be adjusted according to the actual expense incurred when funding co-financed operations or, where appropriate, ensure that the programming framework enables activities to be funded in areas situated in more developed regions that are facing significant territorial and socio-demographic constraints; more account should be taken, on basis of additional harmonised and consistent criteria, of the demographic challenges at regional and local levels, the effects of globalisation and further special challenges (e.g. social, environmental, geographical and natural) when distributing EU funds;

49. is convinced that economic growth cannot go hand in hand with inequality and social exclusion, and points out that Article 9 TFEU calls for the EU to guarantee an adequate level of social protection across all of its policies and activities;

50. recalls that the gender perspective is far from being streamlined throughout all policy areas; calls therefore on the European Commission to apply a gender budgeting methodology to all parts of the MFF;

51. believes that more attention should be paid to development aid and the 'refugee and migrant crisis' in particular, which is a global issue;

Scenarios

52. reiterates its opposition to the future development scenarios ('carrying on', 'doing less together', 'some do more', 'radical redesign') which would reduce or completely eliminate the main, long-term investment policies, i.e. the cohesion policy and the common agricultural policy. There is a real need to avoid a multi-directional Europe and to carry out a prior assessment of the territorial impact of the various scenarios;

53. points out that most of the scenarios focus on boosting GDP growth rather than ensuring territorial, economic and social cohesion. This may have negative consequences for the future of the EU;

54. notes that the best of the proposed options is scenario 5 ('doing much more together'), which is the most appealing to citizens in cities and regions. Efforts should be made so that all Member States approve a big increase in the EU budget and agree to new own resources;

Final reflections

55. stresses that the post-2020 multiannual financial framework should be both far-sighted and flexible, so that it can maintain its strategic focus and planning certainty for regional and local authorities as well as respond to any crises that emerge and prevent the creation of ad hoc funds outside the MFF;

56. appeals once again for the principles of partnership, multilevel governance and subsidiarity to be applied across all policy areas, and calls for efforts to encourage cooperation between all sectors of society, with a view to building a more democratic EU that enjoys the trust of all citizens.

Brussels, 1 February 2018.

*The President
of the European Committee of the Regions*
Karl-Heinz LAMBERTZ

Opinion of the European Committee of the Regions — Integrated territorial investments — a challenge for EU cohesion policy after 2020

(2018/C 176/10)

Rapporteur: Petr Osvald (CZ/PES), Member of Plzeň City Council

Reference document: N/A

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS,

1. points out that local and regional authorities are directly concerned by the implementation of Cohesion policy tools such as integrated territorial investments (ITI), since they are both main beneficiaries of the policy and directly involved in managing implementation of the policy under shared management. Several years after the introduction of the ITI tool under the 2014–2020 programming period and in view of its great potential for facilitating investment synergies in the use of ESI Funds, the CoR is presenting an own-initiative opinion on the matter. The Committee considers that the implementation experience of LRAs to date, in terms both of their success stories and the challenges they have encountered, should be fully assessed and taken into account with a view to the post-2020 legislative framework;

Cohesion policy goals and a place-based approach

2. stresses that EU cohesion policy must be adapted to the actual conditions and requirements of each specific territory if it is to contribute more effectively to achieving the EU's objectives and creating European added value, improve social and economic conditions and requirements for EU citizens across the board and help eliminate inequality. It must therefore not only address a region's problems sustainably and in a targeted way, but also make the most of its potential and specificities. Most importantly, it should prioritise regional policy and development, and in particular the needs of the region as opposed to those of the individual sectors. Its current complex configuration distances it from its real, original objective. Its comprehensiveness and complexity are becoming a fundamental hurdle to the effective and flexible implementation of cohesion policy at local and regional levels;

3. points out that if we genuinely want to make cohesion policy more effective, including in terms of synergy, and make the most of a region's potential, the system for configuring ESIF needs to be changed significantly, in such a way that when it comes to achieving future EU goals and creating European added value, a regional and local approach based on local circumstances (a 'place-based approach') takes precedence over a national approach and common nationwide priorities;

4. calls for elements of the principle of subsidiarity and shared management to be effectively employed in the context of cohesion policy. Based on these principles, the EU should limit itself to establishing general objectives (what the EU as a whole wants to achieve), but how these are achieved should be determined at local and regional levels depending on the specific conditions and potential of the territory, which changes over time;

5. observes that reinforcing the place-based approach will involve more regular communication on the part of the Commission's departments, and especially DG Regio and the audit authorities, because they will have to communicate directly not only with national bodies, but also with local and regional bodies. It also restricts the possibility of establishing generic models that, while making management and oversight cheaper and simpler, significantly distance cohesion policy from its beneficiaries. Implementing integrated territorial approaches based on the active participation of EU citizens will, however, have a clear impact in terms of creating European added value for those citizens, which must be the priority for the Commission as well as for all EU institutions and Member States;

6. points out that, if we want to build an EU for citizens, we need to derive our policies from settlements regardless of their size, i.e. from both communities and regions, as these settlements fulfil a fundamental and unique role for citizens in terms of the quality of their lives, the environment, education, employment, social services and health, culture, and so on. As they are closest to the citizens, they are better at understanding citizens' needs and can be more aware of changes in social and demographic structures. They put in place the conditions for people's quality of life, taking into account their interests and priorities, and thus creating an indisputable European added value;

7. stresses therefore that regional policy and the regional dimension of cohesion policy not only provide a tangible direct effect for people, making the EU as such mean more to its citizens, demonstrating its real benefits for their lives and helping to eliminate economic and non-economic disparities, but in particular create the basic conditions for the implementation of other EU policies. The Committee therefore considers it essential that the implementation of regional cohesion policy itself should be thought of as an undisputed European added value, just as, for example, support for science and research in and of itself is seen as a European added value. Consequently, when implementing regional cohesion policy it should not be necessary to demonstrate a European added value for individual types of activities or even projects; rather, its contribution as a whole should be considered, taking into account both horizontal and vertical synergies;

8. points out that, in order to improve citizens' perception of cohesion policy and of the EU as such, projects that are implemented as part of this policy must be ones that bring citizens real benefits that reflect their requirements. Regional cohesion policy should therefore be established for all types of settlement, from communities to regions, including the outermost regions, and should take into account the situation on the ground as well as the potential and needs of the settlement in terms of time, conditions and location. A bottom-up approach should therefore be adopted and the potential of an integrated approach and mutual synergies should be used to the maximum. The regional and local level and functional areas straddling a number of administrative or statistical areas should play a key role in the process of achieving synergies and integration (taking into account logical links to neighbouring regions and the interests or requirements of lower territorial units), since they combine clarity of planning and strategies with knowledge of local conditions;

9. stresses that there is an indisputable European added value from the point of view of EU citizens, which is to improve the quality of life in settlements and in the EU as a whole. Improving the quality of life in settlements is a prerequisite for successful implementation of all other EU policies. This European added value can only be addressed to a limited extent with a sectoral approach, but very effectively with regional horizontal priorities, such as: quality of life in settlements (i.e. local and regional mobility, in particular labour mobility, employment and employability, social and cultural services, inclusion and integration, security, etc.) and Smart Communities, the use of local economic and non-economic potential, and so on. The implementation of sectoral priorities to address the most important priorities from the point of view of citizens can — and do — produce only limited effects, and because they are not tailored to local conditions, they often raise (in many cases justified) doubts among citizens about the benefits not only to themselves but to the EU as a whole. Therefore, in order to address what represents tangible European added value for EU citizens, only an integrated territorial approach based on local conditions can be effectively used, as opposed to a sectoral or national approach;

10. points out that the 7th Cohesion Report, published in 2017, shows an increase in subregional disparities, including within the richest regions. ITIs are an underused instrument in addressing the challenge of rectifying these disparities. Experience during the 2014-2020 period shows that ITIs and local development instruments deployed by local players can be used to help those urban or rural regions that are struggling the most. In certain regions in Europe the implementation of ITIs and distribution of ERDF funding are based on unemployment and economic activity indicators. The regions facing the biggest challenges have received more funding than have the most prosperous regions. This rationale of interregional equity is crucial so that no region is left lagging behind overall growth levels;

11. welcomes the report *Integrated territorial and urban strategies: how are ESIF adding value in 2014-2020* ⁽¹⁾ published by the European Commission in December 2017 and agrees with the conclusions of this report. From this report CoR would like to stress the following points in particular which correspond to the experience of LRAs to date:

- ITI have the potential to target development needs and problems, and to design bottom-up responses with the active involvement of local citizens and institutions to ensure that 'no person or region is left behind'. They also have the potential to respond to localised shocks or unexpected developments through integrated packages that provide substance to action plans.
- the urban and territorial strategies are a clear demonstration of Cohesion policy promoting the implementation of place-based approaches to regional and urban development, and encouraged place-specific packages of interventions that were designed in line with stakeholders' views but also meeting overall EU objectives as well as EU 'added value' and flexibility.

⁽¹⁾ http://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/integrated_strategies/integrated_strategies_en.pdf

- The strategies represent integrated development — they are multi-sectoral, multi-partner and (in a large number of cases) multi-fund. They encourage vertical and horizontal cooperation, territorial integration and knowledge-sharing. While there is a long-standing and on-going discussion at EU level on how to promote better cooperation and integration across policy sectors and between authorities, the integration of interventions is often most practical and achievable at local level.
- ITIs bring significant level of institutional innovation in regional and urban development and creates new relationships or operating methods. The process of strategy development and implementation has encouraged or required new ways of working, thinking and collaboration. In many cases it's also creates cooperation and networks among different centres/areas.

Integrated territorial investments and the current programming period

12. asserts that integrated territorial investment (ITI) appears to be an effective tool through its scope for implementing a place-based approach and has already been employed in many Member States in the current programming period in a range of circumstances and in various forms, i.e. from regional Integrated Territorial Investment and urban agglomerations (urban 'Article 7' ITIs), to Community-led Local Development (CLLD) and other integrated territorial instruments;

13. welcomes the fact that during the preparations for the current programming period, several first-rate papers were published which highlighted the fact that an integrated territorial approach, based on local conditions that change over time, should be adopted in order to make EU funds more effective and more focused on the results of projects. These papers put forward actual principles for approach and implementation. Unfortunately, however, these principles have not always been implemented systematically and in the current programming period a national and highly sectoral approach has prevailed, which may mean less administration for the European Commission but does not achieve the required effect in specific regions and for specific EU citizens, as is clear from recent debates on the state of cohesion policy;

14. considers the most important of the papers mentioned above to be 'An Agenda for a Reformed Cohesion Policy — A place-based approach to meeting European Union challenges and expectations', known as the Barca Report, which was published in April 2009. This highlights integrated territorial and place-based approaches as the cornerstone for revitalising cohesion policy and calls for 'a place-based development strategy aimed at both core economic and social objectives';

15. welcomes the fact that the European Commission (DG Regio) has also drawn up a very good paper in collaboration with experts, entitled '**Scenarios for Integrated Territorial Investment**', which was published in January 2015 and puts forward four scenarios for the implementation of integrated territorial investment based on various conditions and territorial characteristics. The proposals set out in the paper have been applied only to a limited extent in the current programming period, not least due to the late publication of the paper (i.e. not until 2015). It would be useful to take this as a starting point in discussions about the future of ITI;

16. welcomes the fact that 20 Member States have voluntarily participated in the implementation of ITI in the current programming period. Regrettably some countries have used ITI only with regard to the application of Article 7 of the ERDF Regulation, which stipulates that at least 5 % of national ERDF allocations under the 'Investment for growth and jobs' objective must be reserved for integrated urban development strategies, without taking enough account of actual needs at local and regional levels. A significant number of Member States have also used the tool more broadly ('thematic' ITIs implemented under Article 36 CPR). This important potential for integrated investment could be optimised in future by building on existing examples of good practice and by further adapting the instrument to diverse local and regional requirements, implementing the recommendations set out in this opinion;

17. regrets that there has been a considerable delay in the implementation of integrated regional approaches and that the tool has not yet been able to produce all of the synergies that it could and should produce. However, this cannot and must not be extrapolated to suggest that implementing EU cohesion policy through integrated territorial investment is not effective. On the contrary, given the complications and lack of clarity, the fact that this tool — thanks to the great efforts of the staff of all the stakeholders — got off the ground at all and is yielding results with a real positive impact on the territory and its citizens is proof of its potential. Moreover, the CoR emphasises the added value of the integrated regional approaches where they have acted as a lever for capacity-building in certain contexts, facilitating an integrated territorial approach and multilevel governance where this had previously not existed.

As emerged from the workshop on the state of sustainable urban development and ITI held at the European Committee of the Regions in 2017 ⁽²⁾, the main difficulties in introducing ITI in the current programming period are:

- Late delivery of the ‘Guidance for Member States on Integrated Sustainable Urban Development (Article 7 ERDF Regulation)’, which the European Commission did not publish until May 2015. It was only on the basis of this document that a start was made on developing the architecture needed to implement ITI in Member States, tracing the boundaries of urban areas and identifying the procedures for approving policy documents on urban development, as well as the policy documents themselves. Only then could the planning of individual projects begin.
- The main problem with the implementation and drafting of policy documents for urban areas with regard to ITI was that in most countries the operational programmes (OPs), along with their indicators and management systems, had already been approved at the beginning of the preparation phase for ITI implementation, without taking ITI into account. Urban strategies therefore had to adapt to the various pre-existing OPs and indicators, which greatly limited the flexibility of the strategies and their real synergetic effects.
- In some cases the compulsory allocation of OP resources to ITI has not taken place, thus effectively rendering meaningless the whole notion of implementation and the achievement of effects of synergy by means of ITI.
- Delays to implementation and the creation of unnecessarily complex ITI implementation structures in which, even at the level of urban areas, intermediary bodies need to be set up to monitor and evaluate projects, whereas in reality project selection mostly takes place at the level of the managing authorities of each OP. These structures seem disproportionate in some cases, given both the small amount of resources allocated to ITI and the very limited powers of these intermediary bodies or the possible duplication of action. Such complex implementation systems make the whole process unduly complicated in such cases.
- The remit and powers of the bodies responsible for selecting operations (as defined in Article 7 of the ERDF Regulation) are not sufficiently taken into account in the implementation process. Where integrated territorial strategies for sustainable urban development are implemented in a functional area greater than official urban boundaries, the position of subregional authorities that are operating on the basis of a broad partnership of stakeholders in the area and on the basis of multi-level governance is, for the most part, not sufficiently well enshrined in law.

The workshop also highlighted the positive aspects, in particular the fixed resources for the implementation of strategies, as well as the creation of synergies between projects and, above all, dealing with issues on the basis of local conditions and potential, i.e. the real application of a place-based approach;

The way forward after 2020 — proposals for the next programming period

18. considers that in order to know how best to implement ITI after 2020, we should build on the experience gained from its implementation thus far. However, it is not enough simply to modify the current voluntary system for implementing ITI for the next programming period. Current experiences should be seen merely as the test results of pilot projects, which should be used as a basis for genuinely transforming EU cohesion policy into a policy based on regional development and an integrated territorial and place-based approach that will truly make the most of the region's potential and address its economic and social problems and challenges, for the benefit of EU citizens and the EU as a whole;

19. proposes that the ‘Scenarios for Integrated Territorial Investment’ paper should form the basis of the next programming period and be applied as extensively as possible. The ITI approach should be more fully exploited beyond urban areas, where it is most frequently used now, and implemented more widely in rural and functional areas defined in different ways on the basis of local conditions, as outlined in the four scenarios set out in that paper. It is very important for the integrated territorial investment tool to be applied to functional areas because providing them with targeted support based on a bottom-up approach could be particularly effective and productive in terms of creating synergies between local resources and external sources of financing. It should be mandatory for all Member States to facilitate the implementation

⁽²⁾ Which was proposed by the Region of Murcia and organised jointly with the European Commission in the framework of the TAIEX REGIO PEER 2 PEER tool (a tool designed to promote the exchange of expertise and good practices between bodies that manage funding under the European Regional Development Fund (ERDF) and the Cohesion Fund, thereby increasing their administrative capacity and ensuring better results from EU investments).

of the integrated territorial investment tool in the next programming period, to enable ITI to fulfil its potential of becoming a key tool for implementing EU regional cohesion policy, while applying the principles of partnership at all times and ensuring that local and regional authorities are fully involved in the design, implementation, monitoring and evaluation of the strategy;

20. also proposes that the starting point when designing overarching integrated strategies should be functional and logical territories, which should not be larger than NUTS III regions, unless logical links in the territory in question create a different functional unit within which the strategy can be implemented more effectively. This does not mean that the NUTS III authorities or those of similar regions should also be the sole management body for implementing the ITI strategy or that only integrated strategy should be developed in this area. On the contrary, the Committee considers it appropriate to take local and functional conditions and logical links as the basis for framing individual integrated territorial investment strategies for different types of territory within the above-mentioned functional unit, the outputs and impacts of which should, however, be harmonised at this level. This harmonisation should also make it possible to establish logical thematic links with neighbouring regions and to take into account the interests or requirements of lower territorial units. However, implementation of strategies and their management should take place in such a way as to maximise the effect and should above all be on a voluntary basis and respect local conditions and circumstances;

21. strongly recommends concentration of all resources dedicated to ITI in one multi-fund operational programme, if possible, so that individual ITIs should always correspond to only one operational programme — i.e. that individual bodies implementing ITI should communicate with only one managing authority of an operational programme. ITIs actually have a much greater added value when they are multi-funded. A common set of rules integrating investments from the ERDF, the ESF, the Cohesion Fund and those parts of the EAFRD relating to general rural development would be the most efficient way of implementing cohesion policy objectives. If the idea of linking ITIs to a single operational programme is not adopted for the next programming period, it will be necessary to avoid creating complicated links to individual sectoral operational programmes; The CoR is in favour of multi-fund programmes implemented at regional level. The operational programme that the ITI is part of should logically be multi-funded. To achieve greater synergies, however, the ITI tool should also be allowed, where appropriate, to establish functional links with other operational programmes and other instruments (such as Horizon and EFSI). ITI implementing bodies at all levels should be given maximum flexibility when it comes to achieving goals. Designating a lead fund for technical assistance could also facilitate the operational implementation of multi-funding;

22. considers that, when implementing an ITI, productivity and performance indicators adapted to the overall purpose of the integrated territorial investment must be taken into consideration. Specific indicators for this programming tool are therefore essential and, as a result, during the design phase of the operational programmes, regional authorities must have the possibility of providing their own indicators, which will be assessed by the Commission to ensure that the proposed measures, the measurement indicators and the ITI objectives correspond to one another. Similarly, it should be noted that legal difficulties (cf. state aid rules) sometimes arise from positive discrimination in the objective and subjective scope of the ITI, e.g. as a result of the conditions of the competitive call for proposals;

23. further recommends that the designation of the territories concerned by the ITI, its implementation provisions, goals and budgetary allocations are clearly defined upfront in the partnership agreements (or in similar documents that define the relations between the Member States and the EU in the future programming period) as well as in the corresponding operational programmes, of which they should form an obligatory part. At the same time, when the relevant OP is approved, each body that implements an ITI should discuss and approve, together with the OP's managing authority, an agreement with the Commission (a direct tripartite agreement between the bodies carrying out the ITI, the OP managing authority and the Commission is essential for successful implementation). This would specify the implementation methods and establish indicators that focus on the real impact of the ITI strategy in the territory in question. In countries where the partnership principle is not properly established and is purely superficial, the European Commission should help create relations based on proper partnership, in particular when it comes to implementing ITI;

24. points out that recent experience with the implementation not only of ITI but also of the EFSI at regional level has generally shown that, to ensure stability and the resulting impact, the management and financing of ITI must take place on the basis of a global grant that clearly defines the objectives, indicators, resources and responsibility for implementation. However, this global grant must not be perceived as a source of funds to be used at will, but must be clearly linked to achieving the objectives and indicators set out individually for each ITI strategy as part of the negotiation of the relevant OP. The Global Grant Scheme should guarantee predictability and security of resources for the implementation of ITI strategies

and in this way also allow for a flexible combination of this financial resource with other EU and national tools (e.g. EFSI and Horizon) and own resources. This is to ensure that a genuine strategic approach can be taken as part of the implementation of integrated territorial investments and that the maximum possible integration of resources and the greatest synergies within sub-regions, as well as across territories within a region, can be achieved;

25. considers that implementing an ITI should result in an improvement to the financial management of the operational programmes. Complementarity does not mean increased funding for the implementation of this programming instrument. In accordance with the principle of 'incentivising rather than penalising', co-financing rates should be increased to cover investment costs that relate directly to the objective of the ITI;

26. also recommends that the implementing bodies delivering ITI should be reserved exclusively for local and regional authorities at different levels, associations of municipalities and local development councils set up by law, the Euroregions and inter-regional territorial cooperation bodies, as they alone can ensure that the strategies will be implemented. They should be granted maximum flexibility, both in the selection of activities and interventions needed to achieve the objectives and in the degree and focus of support, so that they can effectively combine EU, own, national and private resources in order to achieve the greatest possible synergetic effect for the strategy. They should also be allowed to change the degree and focus of the support during the implementation of the strategy in response to the territory's changing socio-economic conditions, so as to achieve the objectives as effectively as possible and maximise European added value. In this connection, the European Commission is invited to lay down clear rules to create legal certainty on issues of liability in ITI use;

27. considers it essential to go beyond a mere grouping of projects co-funded by different funds and to pursue a genuine and suitable integrated management strategy. In this regard, notes that, with a view to making ITI more efficient and more effective, increased practical support and guidance are needed to improve both understanding of the tool and the design and implementation of the strategies, thereby making the most of the tool's potential. To this end, recommends evaluating the possibility of establishing a specific permanent support body for regions interested in using this tool, which would inform, advise and promote the exchange of best practices;

28. points out in conclusion that preparations for the implementation of the ITI tool for the programming period after 2020 must be launched immediately after the publication of the forthcoming draft legislation on ESI Funds post-2020 so that individual ITI strategies are drafted and discussed in detail with citizens and other stakeholders before the first discussions of the operational programmes with the European Commission. This is because a bottom-up approach is much more participatory and more complicated and requires much more time to negotiate than a top-down approach. The implementation of the ITI tool should be incorporated into the draft legislation on ESI Funds post-2020 and into draft budgets, which will underpin the future cohesion policy.

Brussels, 1 February 2018.

*The President
of the European Committee of the Regions*

Karl-Heinz LAMBERTZ

III

(Preparatory acts)

COMMITTEE OF THE REGIONS

127TH COR PLENARY SESSION, 31.1.2018-1.2.2018

Opinion of the European Committee of the Regions — Initiative for the sustainable development of the blue economy in the western Mediterranean

(2018/C 176/11)

Rapporteur: Samuel Azzopardi (MT/EPP), Councillor, Rabat Citta Victoria, Local Council, Gozo**Reference document:** Communication from the Commission to the European Parliament and the Council, the Committee of the Regions and the European Economic and Social Committee — Initiative for the sustainable development of the blue economy in the western Mediterranean

COM(2017) 183 final, SWD(2017) 130 final

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

1. welcomes the communication and the accompanying Framework for Action — Initiative for the sustainable development of the blue economy in the western Mediterranean, adopted on 19 April 2017 by the European Commission;
2. supports the proposed measures to ensure a safe, secure and clean maritime space, better governance of the sea and sustainably managed oceans;
3. recalls and fully supports the Union for the Mediterranean Ministerial Declaration on the Blue Economy wherein participating countries were invited and encouraged to explore the added value and feasibility of appropriate maritime strategies at sub-regional level, and build on the experience of the 5+5 Dialogue. In October 2016, the foreign affairs ministers of Algeria, France, Italy, Libya, Malta, Mauritania, Morocco, Portugal, Spain and Tunisia encouraged further work on an initiative for the sustainable development of the blue economy, together with the Union for the Mediterranean Secretariat ⁽¹⁾;
4. notes that the initiative recognises the fact that, to date, cooperation between the two shores remains limited and maintains that there is room for improvement;
5. recognises that the region offers considerable economic opportunities, and is renowned for its active ports and numerous tourists due to its cultural heritage, which can be further exploited in a sustainable manner;

⁽¹⁾ UfM Ministerial Declaration on the Blue Economy.

6. recognises that the Mediterranean Sea is strategically located, geographically situated at the interface of three main continents, namely Europe, Africa and Asia. The Mediterranean Sea has always been a hub for culture and trade between its neighbouring countries and beyond;
7. recognises that the basin is notorious for its biodiversity and numerous marine protected areas;
8. recalls, inter alia, its earlier opinions on the Commission communication 'Towards an Integrated Maritime Policy' ⁽²⁾, on maritime spatial planning and integrated coastal management ⁽³⁾, and on better protecting the marine environment, as well as its opinion entitled 'A new stage in the European policy on blue growth' ⁽⁴⁾;
9. is concerned about the fact that the Mediterranean region is highly affected by climate change ⁽⁵⁾;
10. recognises that the region is also associated with high youth unemployment, political instability and serious migration problems, all of which have the effect of harming the region's economic prospects;
11. while endorsing the initiative's primary focus on the west Mediterranean sea sub-basin, points out that this does not exclude in any way the possibility of extending its potential and goals to the other sub-basins of the Mediterranean;
12. notes that while there is real political will to resolve environmental, fisheries challenges and aquaculture, the region is still lacking appropriate awareness, dissemination and cross-sectoral evidence-based policymaking. Many shortcomings also remain in implementation and enforcement, in particular at the national and local levels ⁽⁶⁾;
13. stresses that the region is consistently subject to humanitarian challenges due to the influx of irregular migrants crossing from Africa and the Middle East to the southern European countries, which directly affects maritime border regions;
14. realises that maritime traffic is also a challenge in certain areas of the basin, which cannot be ignored considering the fact that the initiative, always in accordance with criteria of respect of environment and biodiversity, combating climate change, and sustainability, aims for further economic activity, which could lead to increased maritime traffic;
15. notes that the western Mediterranean region suffers from high youth unemployment rates; at the same time, many industrial sectors struggle to find workers with the required qualifications and skills;
16. welcomes the Commission's reference to a bottom-up approach, which is the approach best suited to encouraging local and regional governments to get involved in the initiative's measures;

Goal 1 — A safer and more secure maritime space

17. considers that unless safety and security measures are effectively in place and duly enforced in the region, the blue economy cannot operate sustainably and effectively. Consequently, it recommends that the regional authorities on the two shores strive to cooperate and effectively improve the existing situation;
18. is concerned that to date 'cooperation between coastguards across the two shores remains limited and the real-time response to emergency situations at sea still need to be improved' ⁽⁷⁾; and agrees with the actions intended to promote cooperation among coastguards across the two shores particularly by addressing the existing skills gaps in maritime security; considers it commendable to exchange knowledge and share data, particularly with respect to marine traffic;

⁽²⁾ Rapporteur: Michael Cohen, CdR 126/2010.

⁽³⁾ Rapporteur: Paul O'Donoghue, CdR 3766/2013.

⁽⁴⁾ Rapporteur: Hermann Kuhn, CdR 07256/2014, and rapporteur: Christophe Clergeau, NAT-VI/019.

⁽⁵⁾ <http://www.cmcc.it/publications/regional-assessment-of-climate-change-in-the-mediterranean-climate-impact-assessments>

⁽⁶⁾ {SWD(2017) 130 final}.

⁽⁷⁾ {SWD(2017) 130 final}.

19. concurs with the actions encouraging partners to intensify their efforts to improve their existing capacity in order to address unregulated and illegal human activities and to counter marine pollution within the sea basin, such as the smuggling of migrants and illegal fishing, as well as the development of tools in an effort to improve the response to marine pollution. It is concerned about the fact that local and regional economies might not be in a position to financially equip themselves appropriately in terms of capacity building;

20. recalls and fully supports the recent Council Conclusions⁽⁸⁾ on international ocean governance, which promote a more coherent approach among regions;

Goal 2 — A smart and resilient blue economy

21. concurs that a smart and resilient blue economy can only be attained through the adoption of a culture of constant innovation and knowledge sharing and the promotion of sustainable competitiveness and economic activities. The Mediterranean region is particularly renowned for its flourishing maritime tourism sector, which needs to be sustained through innovation and diversification strategies, paying particular attention to the coastal, inland and submarine cultural and archaeological heritage;

22. concurs with the recommendation that stakeholders from the southern shore be invited to participate in the BLUEMED initiative and **considers** the BLUEMED initiative to be an important tool that essentially promotes joint actions for research and innovation. It calls for the coordination of marine and maritime research and innovation activities and for the creation of synergies between regional, national and EU investments, avoiding duplication and reducing fragmentation;

23. supports the development of new technologies and bio-based innovative industries, particularly if such efforts are primarily focused on developing sustainable products, and encourages the development of technologies and tailor-made solutions to mitigating climate change. This is especially the case in the sector of renewable marine energies and floating wind turbines, which are so well-suited to the Mediterranean;

24. supports the establishment of national and regional maritime clusters to create the ideal platforms for the economy to thrive through the development of innovative solutions. Considers clusters to foster and promote collaboration, knowledge sharing and entrepreneurship among small, medium and micro-enterprises;

25. reiterates⁽⁹⁾ its call for the creation of a specific Knowledge and Innovation Community for the blue economy as a further measure for the development of skills and the transfer of ideas from marine research to the private sector; In this context, the Virtual Knowledge Centre⁽¹⁰⁾, which is a tool of knowledge sharing for supporting the development of the blue economy and can be defined as a 'one-stop shop/online web portal allowing for the consolidation and sharing of general, technical and sectoral information related to marine and maritime affairs in the Mediterranean', can also be of added value;

26. restates the proposal made in opinion CdR 6622/2016 to establish regional or inter-regional blue economy platforms; points out that several Mediterranean regions could be good candidates for setting up such a platform, which would provide a mechanism for identifying projects, providing support for their implementation, and mobilising local, national and European financial tools. Such platforms would be managed by the regions and their selected projects would be financed under the Juncker Plan 2.0;

27. calls for interregional, national and transnational projects that are consistent with the strategic framework of the initiative and the S3 to be eligible for financing through the pooling of regional, national and European funds within a simplified framework and to qualify for a community bonus, without the need for new calls for projects;

28. stresses that entrepreneurship in the blue economy extends beyond operations in the Mediterranean sea. It is therefore important to plan appropriate support for businesses related to the blue economy on land such as fish processing plants, shipbuilding industry, onshore wind and photovoltaic installations;

⁽⁸⁾ Council Conclusions of 3 April 2017.

⁽⁹⁾ NAT-V-44.

⁽¹⁰⁾ <http://www.med-vkc.eu/2016/>

29. emphasises the gaps that exists in education and skills that need to be addressed without further delay. Economic development and education go hand in hand and thus the partners need to take into consideration both of these socio-economic aspects to ensure the success of this initiative. Enhancing awareness of maritime professions is of crucial importance for attracting citizens to explore opportunities in the maritime and marine domain, thus mitigating the imbalance between job supply and demand that characterises the sector and helping to reduce the rate of unemployment. There is a particular paradox in the Mediterranean area that, while youth unemployment rates are among the highest in Europe, maritime companies in both emerging and traditional sectors are unable to find skilled staff;

30. agrees with the models that support the development and use of clean energy sources, including innovation in ocean energy and the sustainable use of energy for seawater desalination, following practices to minimise its impact on the seabed; endorses the proposals to promote energy efficiency and adaptation to climate change in coastal cities, green shipping and port infrastructure for alternative fuels, and the development of new tourist products and services, and to develop common technical standards for sustainable marine aquaculture across countries ⁽¹¹⁾. It should be pointed out that even though these actions are essentially positive in their aims and goals, consideration should be given to struggling or small economies;

Goal 3 — Better governance of the sea

31. recognises that coastal and maritime areas have long been highly competitive and multifaceted, resulting in challenges for space allocation and scarce resources. The environmental concerns dominating our present day as a result of increasing pressures on natural resources raise the need for increased knowledge. Undoubtedly, an integrated approach to promoting the use of shared resources will lead to the development of new opportunities;

32. encourages development models based on cutting energy emissions, consumption and costs and increasing flexibility and reliability. Developing energy from biogenic, organic and waste residues will be crucial in this;

33. recognises and fully supports the importance of effective Maritime Spatial Planning regarding human activities in seas leading to coordinated efforts and mitigating possible conflicts of activities;

34. stresses and supports **the actions** highlighting the importance of marine scientific data and knowledge as one of the pillars for a resilient and innovative economy, whilst recognising the importance of updating the existing data in relation to environmental phenomena and climate change and making them available to the international scientific community and public administrations;

35. fully concurs with **the actions** set out to protect the marine environment and habitat against all kinds of pollution whilst proactively identifying zones for preservation such as the marine protected areas. Awareness campaigns are undoubtedly a move in the right direction;

36. supports regional coordination and cooperation through the implementation of the General Fisheries Commission for the Mediterranean mid-term strategy (2017-2020) towards the sustainability of Mediterranean and Black Sea fisheries. This will also ensure that the common fisheries policy is implemented more consistently at sub-basin level ⁽¹²⁾;

37. fully agrees with **the action** promoting the development of small-scale fisheries and aquaculture and the dissemination of best practices in order to enhance the fishing and aquaculture industry whilst ensuring proper regional data collection and scientific evaluations, in full respect of international legislation;

⁽¹¹⁾ {SWD(2017) 130 final}.

⁽¹²⁾ {SWD(2017) 130 final}.

Governance and implementation

38. supports the establishment of the WestMED task force jointly with the Union for the Mediterranean which will include national focal points and the European Commission and will ensure the participation of regional and local authorities;

39. acknowledges the availability of various funding sources mainly through EU funding programmes that support various initiatives, depending on the nature of the project submitted, its scope and priorities;

Final recommendations

40. encourages the exchange of best practices, capacity building and cross-border cooperation between LRAs from all sides of the Mediterranean;

41. recommends to all parties to foster the exchange of knowledge and policy expertise in the LRAs, facilitating multi-level of governance in the management of resources and in relation to shared challenges in the WestMED area;

42. recommends promoting economically sustainable projects on a local and regional level and facilitating access to capital;

43. underlines the need to promote education and retraining projects and measures directed at lowering youth unemployment in cooperation with local and regional authorities, promoting labour mobility between sectors of the blue economy. Notes in this regard the role that local and regional authorities play in forecasting skills needs and matching them with labour market needs. The Member States should be aware of this role and provide LRAs with the right resources to facilitate the transition of young people from education into employment.

Brussels, 31 January 2018.

*The President
of the European Committee of the Regions*

Karl-Heinz LAMBERTZ

Opinion of the European Committee of the Regions — Final conclusions and recommendations of the High-Level Group on Simplification post-2020

(2018/C 176/12)

Rapporteur: Oldřich Vlasák (CZ/ECR), Councillor of the City of Hradec Králové

Reference document: Final Conclusions and recommendations of the High Level Group on Simplification for post-2020

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

1. underlines the importance of the EU's Cohesion Policy for the economic, social and territorial cohesion of the Union. While one third of the EU's budget has been allocated to achieving this objective as set-out in TFEU 174-178, the Policy is yet to achieve its full potential. Simplification of the Funds must form a part of a reformed and improved cohesion policy for the future of Europe;
2. welcomes the constructive nature of the High Level Group's recommendations for simplification of the ESI Funds post-2020 and the clear statement that simplification is the task of all parties involved in the implementation and administration of the Funds — the Commission, the co-legislators, the Member States and regional and local authorities;
3. welcomes that many of the HLG's post-2020 recommendations are in-line with the positions expressed previously by the CoR ⁽¹⁾. The CoR also reiterates that local and regional authorities are directly concerned by the implementation of Cohesion Policy as both main beneficiaries and also in many cases as the authority directly involved in managing its implementation;
4. notes that despite the large number of positive proposals in the conclusions and recommendations of the High Level Group on Simplification, it cannot be said that putting these proposals into practice will enable the simplification process to be completed. There are still a number of very important areas and subsidiary issues that the High Level Group's conclusions do not address or address only partially. The CoR therefore draws attention in this connection to its opinion of October 2016 on Simplification of ESIF from the perspective of local and regional authorities, which examines this issue in detail;
5. reiterates its call for a new territorial vision that would bring the 1999 European Spatial Development Perspective up to date. Through a place-based approach this strategy could be used in the post-2020 programming period to help the EU Funds deliver on the ground;
6. underlines the importance of building on experience and capacity developed so far and the importance of facilitating the implementation of the post-2020 shared management model by applying the partnership principle. The partnership principle, as encoded in the European Code of Conduct on Partnership, remains a crucial means of ensuring that all partners including local and regional government are involved at all programming stages. The delivery system must also be based on greater trust among all the actors involved (authorities at EU, national and local and regional level);
7. calls for a new Common Strategic Framework covering all EU policies and funds which have a territorial dimension and supports the objective of common horizontal rules to facilitate interaction between ESI Funds ('single rule book'). Underlines that a Framework covering only ESI Funds but not other Funds with a territorial dimension, as is currently the

⁽¹⁾ COR-2016-01814-00-00-AC-TRA; COR-2016-05838-00-00-AC-TRA; COR-2016-00008-00-01-AC-TRA; COR-2015-04285-00-00-AC-TRA; COR-2014-06248-00-01-AC-TRA; COR-2015-00487-00-00-AC-TRA; COR-2015-04287-00-00-AC-TRA; CDR2027-2012_00_00_TRA_AC; CDR1683-2012_00_00_TRA_AC; CDR4-2012_FIN_AC; COR-2017-01527-00-00-AC-TRA.

case, makes implementation more challenging for the end users and means the Framework is not as useful as it could be. Funding allocated to a limited list of policy areas should be chosen within a common European menu, which may vary by region according to the development needs of the region and EU objectives;

8. agrees with the necessity of ensuring a level playing field between ESI Funds and centrally managed Funds. The CoR explicitly supports the need to examine the feasibility of a standard exemption from the state aid rules for part or all of ESI funding, recalling its previous findings relating, notably, to proportionality;

9. supports the objective of wider application of the differentiation principle in the interests of burden reduction, more effective spending and promotion of the place-based approach;

10. calls for solutions which are more tailor-made for a given programme, taking into account capacities of institutions within and outside the ESIF implementation system, types of support which is provided, as well as other factors;

11. suggests stepping-up the dialogue between the Commission, Member States and cities and regions on the effective design and easy-to-use measures for simplification for the next generation of ESIF beyond 2020;

12. calls for the use of European level Territorial Impact Assessments as a tool to measure the benefits of the simplification of ESIF;

Reinforcing the shared management model post-2020

13. confirms its strong support for the analysis set out by the HLG of the significant benefits of the shared management model for effective delivery of Cohesion Policy by encouraging ownership by national, regional and local authorities and enabling recognition of regional specificities and a place-based approach. A shared management model also has a positive impact on other policy areas beyond ESIF including a positive spill-over effect in terms of reinforcing good governance and increasing civic ownership and democratic engagement;

14. supports the objective of ensuring effective use of the subsidiarity and proportionality principles to enable and support genuine multilevel governance in this context, which requires appropriate empowerment both for local and regional authorities as well as for the Commission and the Member States in the form of genuine partnership;

15. underlines that the trust in the ability of beneficiaries, regional and national administrations, to manage and use the Funds in a sound and efficient manner should be strengthened. Shared management brings Europe closer to its citizens and connects local needs and European objectives;

16. emphasises that the success of the shared management system is dependent in part on full ownership of the partnership principle by all sides; the CoR fully endorses the proposals of the HLG on the essential nature of effective use of partnership which must be reinforced post-2020;

17. considers that a broader partnership approach is required and should be embedded in the European Semester — the European economic governance framework. Reiterates its call for the introduction of a code of conduct for the involvement of local and regional authorities in the European Semester ⁽²⁾. Also calls on the European Commission to ensure that the principles of the Code of Conduct on Partnership in the framework of the ESI Funds are taken up as a legally binding part of the post-2020 regulations so as to provide legal clarity over their status. Also calls for more formal implementation commitments by the parties concerned;

18. underscores the finding of the HLG that the tendency to make Cohesion Policy responsible for the implementation of many other EU policy objectives is problematic and results in a situation where managing authorities become de facto enforcers of a growing number of other EU policies;

19. supports the HLG's proposal to review the role of the ESIF management and control system in enforcement of non-ESIF rules;

⁽²⁾ COR-2016-05386-00-00-AC.

Complementary nature of ESI Funds

20. endorses the HLG's emphasis on the mutually complementary nature of each of the individual ESI Funds, which only together can achieve the Cohesion Policy objective enshrined in the Treaties;
21. underscores the importance of ensuring that the existing ESI funds (ERDF, ESF, EAFRD, Cohesion Fund, Fisheries Fund) stay together as each individual ESI Fund contributes to the mission of the other Funds and are coordinated through common rules and provisions post-2020;
22. calls for a new Common Strategic Framework covering all EU policies and Funds with a territorial dimension. Such a Framework would ensure strategic consistency, synergies and equal treatment of funding instruments and avoid administrative redundancy;
23. reiterates the CoR's recommendation that identical rules should apply under the various ESI Funds and underscores that all horizontal conditions should be set out exclusively in one general set of rules, while Fund-specific regulations should be restricted to rules on programme content and reporting;
24. welcomes the HLG's recommendation on envisaging a possible separate regulation for the administration of ESI Funds ('single rule book'), noting also the suggested applicability across funding periods for improved regulatory certainty and stability;
25. supports the need to further facilitate multi-fund programmes and integrated approaches (such as Integrated Territorial Investments) in the light of implementation difficulties experienced with the existing CPR provisions; refers in this context to the CoR opinion on the ITIs ⁽³⁾ which outlines the positive achievements at local level when used to their full potential;
26. welcomes the recognition of the need to balance better alignment of the European funding rules and the need to give more room for alignment with national rules which was highlighted in the CoR's Opinion on Simplification of ESIF;
27. states that EU Funds should be delivered via existing national administrative mechanisms. National rules and systems (including national auditing authorities and national competition authorities) should be used as much as possible because the simplest rules are those that are few in number and preferably the same as those applied in the Member States;

A level playing field between ESI Funds and centrally managed funds

28. confirms the support for the overarching objective outlined by the HLG of ensuring equal treatment and a level playing field for ESIF programmes and centrally managed funds;
29. endorses the view expressed by the HLG that the current differentiation in treatment of the ESI Funds with regard to state aid and public procurement is not an intrinsic part of the shared management mode. The guiding principle should be that projects financed by ESIF should not receive more restrictive treatment than similar projects under central EU management;
30. underlines the need in the post-2020 framework to give new impetus to synergies between the ESI Funds and centrally managed programmes also in the context of interregional cooperation. The CoR emphasises the beneficial impact of effective simplification and greater flexibility in the management of the ESI Funds for the implementation of Smart Specialisation strategies; interregional cooperation could be facilitated in this context by measures such as application of simplified justification methods focussed on results or use of unit costs, asset out in the CoR opinion on 'Smart Specialisation Strategies (RIS3): impact for regions and inter-regional cooperation' ⁽⁴⁾;
31. underscores the need for alignment of state aid and public procurement rules for ESI Funds with those applying to centrally managed programmes. The CoR reiterates its request for assessment of the feasibility of exemption of parts or all of ESIF spending from state aid procedures post-2020. In this context, the CoR is pleased to note that its recommendations on the need for common definitions to compare and combine funds have been taken up by the HLG;

⁽³⁾ COR-2017-03554-00-00-AC.

⁽⁴⁾ COR-2016-06963-00-00-AC.

Streamlining of ESIF programming post-2020

32. welcomes the emphasis placed by the HLG on the critical importance of ensuring that the Commission's legislative proposals on the ESI framework for the post-2020 period, including their clear and uniform interpretation, are presented and agreed at least six months before the start of the new programming period, recalling the significant operational difficulties encountered by LRAs and the lessons to be drawn, by all parties involved, from the delays experienced at the start of the current programming period. The proposals for ESIF should be formally presented as soon as possible;

33. recommends, with regard to the future shaping of the Partnership Agreements, that the need and purpose of the partnership agreement or an equivalent document at the national level should be reassessed, calling for such agreements to focus in future on overall strategy (avoiding overlaps between programmes), general *ex-ante* conditionalities as well as those linked to CSRs (which are a national-level competence) and definition of the thematic concentration and role of coordination bodies at the national level where they are to have a role in implementation in a given Member State;

34. calls for streamlining of the strategic programming documents post-2020, noting that many of the specific recommendations set out in the CoR's opinion on the outcome of the negotiations on the partnership agreements and operational programmes have been taken up in the post-2020 recommendations. The CoR notably endorses the HLG's call for greater flexibility in programming to enable swifter adaptation of operational programmes;

35. suggests that it should be possible without prior authorisation by the Commission to move part of the allocation between the priority axes (for example 10 % as allowed at the end of the 2007-2013 programming period);

36. confirms the importance of the thematic concentration principle for coherent and strategic programming, noting that an overall coherent system of thematic concentration post-2020 should also allow for effective application of integrated solutions at the regional or local level; partners, including local authorities, must have their say at the programming stage, including for the integrated tools used to implement the strategies for sustainable urban and territorial development;

37. supports the emphasis on greater empowerment of local and regional authorities in this context and emphasises the need to reconcile the thematic concentration principle with an enabling context for integrated solutions at local and regional level. The link between thematic concentration and Cohesion Policy's focus on results, as well as the need to ensure that Cohesion Policy can offer integrated, flexible and differentiated solutions post-2020 was already addressed in the CoR's Opinion on the Future of Cohesion Policy beyond 2020, which also called for a dialogue of cooperation between authorities responsible for implementing regional policies and the sectoral policies in good time prior to the start of the next funding period in order to strengthen the territorial approach in line with multilevel governance;

38. welcomes the objective set out by the HLG of streamlining the common set of indicators post-2020 and emphasises the need for harmonised terminology and definitions to enable assessment and comparison of performance across the different funds;

39. highlights the CoR's proposals for specific measures to facilitate the transition to the next programming period and provide greater certainty for managing authorities.. The CoR supports the HLG's recommendation to reassess the need for designation post-2020 and calls at least for the streamlining of the process to ensure that existing designations are carried over to the next programming period;

Differentiation principle — to be reinforced in several areas

40. welcomes the general principle of greater differentiation post-2020, which, in enabling more tailored and effective deployment of ESI Funds, is likely to be of critical importance in the possible post-2020 scenario of overall reduced budgetary resources, i.a. following the withdrawal of the UK from the EU. A differentiated approach, based on the subsidiarity principle, does not have to mean trying to define every detail of the regulation's delivery system at the EU level, but must be based on trust among all the actors involved, concretely applying the partnership principle;

41. states that similar ideas have also been disseminated by the Austrian Chancellery and might be an important element of the upcoming Austrian EU Presidency in the second half of 2018. Therefore the CoR suggests inviting the Austrian EU Presidency for early cooperation with the CoR to further develop these ideas;

42. emphasises the importance of ensuring full involvement of local and regional authorities as equal partners in this context and at all stages of the upstream negotiation process. A reinforced application of the place-based approach by more effective tailoring of the Funds to the diverse needs of territories across the Union and equipping regions with the means to react more swiftly to unforeseen challenges or emergency situations will be ever more critical;

Audit, reporting and controls

43. recommends moving towards a more differentiated approach in the areas of audit, reporting and controls by enabling more reliance on national rules and more flexibility to accommodate existing national checks and procedures;

44. points to the CoR's message that differentiated audit could be facilitated and underpinned by contracts of confidence between the EU and national audit authorities and managing authorities. Currently, the fundamental problem is that, as a reaction of the implementation problems of the past, a culture of risk aversion has developed, and fear of penalties trumps a genuine culture of improvement;

45. reiterates the position of the CoR on the acceptable error rate (materiality level), where experience shows that such a level is not appropriate in the context of Cohesion Policy projects. The CoR considers that, since international auditing standards do not impose numerical requirements, it should be possible to raise this threshold to 5 %. The current tight control system, which makes any mistake more visible, creates the misleading perception that the shared management model is more prone to errors;

Combination of ESI Funds with financial instruments

46. is pleased that the principle of a differentiated approach is also envisaged, having previously called for *ex ante* evaluation of combined ESIF-EFSI implementations on a case-by-case basis. Such an approach should enable significant burden reduction and better account to be taken of the specificities of the implementation context in the regions in question and thus facilitate a place-based approach and encourage tailored investment;

47. suggests the establishment of One Stop Shops at national/regional level to help beneficiaries handle ESI and non-ESI funds together;

Simplification of European Territorial Cooperation (ETC)

48. endorses the HLG's recognition of the specific nature of European Territorial Cooperation (ETC) and its recommendation that the current separate regulatory framework for the Interreg programmes should be maintained post-2020;

49. confirms the CoR's support for a dedicated regulation for ETC-specific implementation provisions, underscoring that as a result of the current legal and regulatory complexity, gold-plating has indeed been a significant obstacle to effective implementation of ETC;

50. calls for *ex ante* conditionalities to be avoided in this area on account of the multilateral nature of ETC programmes;

51. emphasises the European added-value to be derived from reinforced territorial cooperation and reference made to recent findings on the medium- to long-term consequences in terms of both overall economic growth and in terms of economic, social and territorial cohesion, should such cooperation decrease rather than increase in future;

52. highlights the essential role and European added value of cross-border cooperation in overcoming the segregating effects of borders and removing existing barriers that affect the lives of people living in border regions. The CoR reiterates the importance of people-to-people projects first and foremost in building mutual trust and proposes in this regard that 'small project funds' be legitimately included in future cross-border cooperation programmes, so that they become, by virtue of their simplicity and their decentralised management, accessible to beneficiaries at the lowest level;

53. welcomes the proposal for ETC programmes to be exempt from state aid notification requirements. The CoR has previously stressed that the effort needed to comply with state aid rules for ETC programmes is generally disproportionate to the risk of distortion of competition. It has also drawn attention to difficulties relating to restrictions on co-financing rates and liability regimes (since such programmes involve more than one Member State) and emphasised the inherent contradiction between the logic of cooperation and the logic of competition, calling for ETC to fall entirely outside the scope of state aid, as is already the case for cooperation programmes managed by the Commission (e.g. Horizon 2020).

Brussels, 1 February 2018.

*The President
of the European Committee of the Regions*

Karl-Heinz LAMBERTZ

Opinion of the European Committee of the Regions — Europe on the Move: labour aspects of road transport

(2018/C 176/13)

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

Reference documents: Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 561/2006 as regards on minimum requirements on maximum daily and weekly driving times, minimum breaks and daily and weekly rest periods and Regulation (EU) 165/2014 as regards positioning by means of tachographs

COM(2017) 277 final

Proposal for a Directive of the European Parliament and of the Council amending Directive 2006/22/EC as regards enforcement requirements and laying down specific rules with respect to Directive 96/71/EC and Directive 2014/67/EU for posting drivers in the road transport sector

COM(2017) 278 final

Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 1071/2009 and Regulation (EC) No 1072/2009 with a view to adapting them to developments in the sector

COM(2017) 281 final

Proposal for a Directive of the European Parliament and of the Council amending Directive 2006/1/EC on the use of vehicles hired without drivers for the carriage of goods by road

COM(2017) 282 final

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

COM(2017) 277 final/1

Article 1(5)(c)

Amend text as follows

Text proposed by the Commission	CoR amendment
c) the following paragraphs 8a and 8b are inserted: ‘8a. The regular weekly rest periods and any weekly rest of more than 45 hours taken in compensation for previous reduced weekly rest shall not be taken in a vehicle. They shall be taken in a suitable accommodation, with adequate sleeping and sanitary facilities;	c) the following paragraphs 8a, 8b and 8c are inserted: ‘8a. The regular weekly rest periods and any weekly rest of more than 45 hours taken in compensation for previous reduced weekly rest shall not be taken in a vehicle. They shall be taken in a suitable accommodation, with adequate sleeping and sanitary facilities;

Text proposed by the Commission	CoR amendment
<p>(a) either provided or paid for by the employer, or</p> <p>(b) at home or at another private location chosen by the driver.</p> <p>8b. A transport undertaking shall organise the work of drivers in such a way that the drivers are able to spend at least one regular weekly rest period or a weekly rest of more than 45 hours taken in compensation for reduced weekly rest at home within each period of three consecutive weeks.;</p>	<p>(a) either provided or paid for by the employer, or</p> <p>(b) at home or at another private location chosen by the driver.</p> <p>8b. Paragraph 8a need not apply in cases where the regular weekly rest period, and any other rest of more than 45 hours taken in compensation for previously reduced weekly rest happens in a place that is sufficiently safe and has adequate sanitary facilities, and where the driver's cabin meets the specifications laid down by the Committee referred to in Article 24 (1) of the current Regulation.</p> <p>8c. A transport undertaking shall organise the work of drivers in such a way that the drivers are able to spend at least one regular weekly rest period or a weekly rest of more than 45 hours taken in compensation for reduced weekly rest at home within each period of three consecutive weeks.;</p>

Reason

Both accommodation for drivers, as well as safe stopping places, as envisaged in point 8a, are lacking along many motorways.

The original provision would be disadvantageous to drivers from peripheral EU countries, who necessarily are on the road for more days, compared with drivers from central EU countries. Implementing this provision would lead to an increase in costs for operators from peripheral parts of Europe.

Amendment 2

COM(2017) 277 final/1

Article 2

Amend text as follows

Text proposed by the Commission	CoR amendment
Regulation (EU) No 165/2014 is amended as follows:	Regulation (EU) No 165/2014 is amended as follows:
(1) in Article 8(1), the second indent is replaced by the following:	(1) in Article 8(1), the second indent is replaced by the following:
‘— every three hours of accumulated driving time and every time the vehicle crosses the border;’	‘— every three hours of accumulated driving time and every time the vehicle crosses the border;’

Text proposed by the Commission	CoR amendment
<p>(2) in Article 34(7), the first subparagraph is replaced by the following:</p> <p>‘7. The driver shall enter in the digital tachograph the symbols of the countries in which the daily working period started and finished as well as where and when the driver has crossed a border in the vehicle on arrival at the suitable stopping place. Member States may require drivers of vehicles engaged in transport operations inside their territory to add more detailed geographic specifications to the country symbol, provided that those Member States have notified those detailed geographic specifications to the Commission before 1 April 1998.’</p>	<p>(2) in Article 34(7), the first subparagraph is replaced by the following:</p> <p>‘7. The driver shall enter in the digital tachograph the symbols of the countries in which the daily working period started and finished as well as where and when the driver has crossed a border in the vehicle on arrival at the suitable stopping place. Member States may require drivers of vehicles engaged in transport operations inside their territory to add more detailed geographic specifications to the country symbol, provided that those Member States have notified those detailed geographic specifications to the Commission before 1 April 1998.’</p> <p>(3) <i>Article 3(4) is replaced by the following:</i></p> <p><i>5 years after newly registered vehicles are required to have a tachograph as provided in Articles 8, 9 and 10, vehicles operating in a Member State other than their Member State of registration shall be fitted with such a tachograph.</i></p> <p>(4) <i>Article 9(2) is replaced by the following:</i></p> <p><i>5 years after newly registered vehicles are required to have a tachograph as provided for in this Article and in Articles 8 and 10, Member States shall equip their control authorities to an appropriate extent with remote early detection equipment necessary to permit the data communication referred to in this Article, taking into account their specific enforcement requirements and strategies. Until that time, Member States may decide whether to equip their control authorities with such remote early detection equipment.</i></p>

Reason

Smart tachographs represent an opportunity to enable fast, interoperable digital controls and enforcement of rules. A 2034 deadline is not acceptable. It is therefore proposed to replace ‘15 years’ with ‘5’ years in order to grant a reasonable transition period for road transport operators.

Amendment 3

COM(2017) 278 final — Part 1

Article 2

Amend paragraph (4)

Text proposed by the Commission	CoR amendment
<p>Member States may only impose the following administrative requirements and control measures:</p> <p>(a) an obligation for the road transport operator established in another Member State to send a posting declaration to the national competent authorities at the latest at the commencement of the posting, in electronic form, in an official language of the host Member State or in English, containing only the following information:</p> <p>(i) the identity of the road transport operator;</p> <p>(ii) the contact details of a transport manager or other contact person(s) in the Member State of establishment to liaise with the competent authorities of the host Member State, in which the services are provided and to send out and receive documents or notices;</p> <p>(iii) the anticipated number and the identities of posted drivers;</p> <p>(iv) the anticipated duration, envisaged beginning and end date of the posting;</p> <p>(v) the number plates of vehicles used in posting;</p> <p>(vi) the type of transport services, that is to say carriage of goods, carriage of passengers, international carriage, cabotage operation;</p> <p>(b) an obligation for the driver to keep and make available, where requested at the roadside control, in paper or electronic form, a copy of the posting declaration and evidence of transport operation taking place in the host Member State, such as an electronic consignment note (e-CMR) or evidence referred to in Article 8 of Regulation (EC) No 1072/2009 of the European Parliament and of the Council.</p>	<p>Member States may only impose the following administrative requirements and control measures:</p> <p>(a) an obligation for the road transport operator established in another Member State to send a posting declaration to the national competent authorities at the latest at the commencement of the posting, in electronic form, in an official language of the host Member State or in English, containing only the following information:</p> <p>(i) the identity of the road transport operator;</p> <p>(ii) the contact details of a transport manager or other contact person(s) in the Member State of establishment to liaise with the competent authorities of the host Member State, in which the services are provided and to send out and receive documents or notices;</p> <p>(iii) the anticipated number and the identities of posted drivers;</p> <p>(iv) the anticipated duration, envisaged beginning and end date of the posting;</p> <p>(v) the number plates of vehicles used in posting;</p> <p>(vi) the type of transport services, that is to say carriage of goods, carriage of passengers, international carriage, cabotage operation;</p> <p>(b) an obligation for the driver to keep and make available, where requested at the roadside control, in paper or electronic form, a copy of the posting declaration and evidence of transport operation taking place in the host Member State, such as an electronic consignment note (e-CMR) or evidence referred to in Article 8 of Regulation (EC) No 1072/2009 of the European Parliament and of the Council.</p>

Text proposed by the Commission	CoR amendment
(c) an obligation for the driver to keep and make available, where requested at the roadside control, the tachograph records, and in particular the country codes of Member States where the driver has been present when carrying out international road transport operations or cabotage operations;	(c) an obligation for the driver to keep and make available, where requested at the roadside control, the tachograph records, and in particular the country codes of Member States where the driver has been present when carrying out international road transport operations or cabotage operations;
(d) an obligation for the driver to keep and make available, where requested at the roadside control, in paper or electronic form, a copy of the employment contract or an equivalent document within the meaning of Article 3 of Council Directive 91/533/EEC, translated into one of the official languages of the host Member State or into English;	(d) an obligation for the driver to keep and make available, where requested at the roadside control, in paper or electronic form, a copy of the employment contract or an equivalent document within the meaning of Article 3 of Council Directive 91/533/EEC, translated into one of the official languages of the host Member State or into English;
(e) an obligation for the driver to make available, where requested at the roadside control, in paper or electronic form, a copy of payslips for last two months; during the roadside check, the driver shall be allowed to contact the head office, the transport manager or any other person or entity which may provide this copy;	(e) an obligation for the driver to make available, where requested at the roadside control, in paper or electronic form, a copy of payslips for last two months; during the roadside check, the driver shall be allowed to contact the head office, the transport manager or any other person or entity which may provide this copy;
(f) an obligation for the road transport operator to deliver, after the period of posting, in paper or electronic form, copies of documents referred to in points (b), (c) and (e), at the request of the authorities of the host Member State within a reasonable period of time;	(f) an obligation for the road transport operator to deliver, after the period of posting, in paper or electronic form, copies of documents referred to in points (b), (c) and (e), at the request of the authorities of the host Member State within a reasonable period of time;
	(g) <i>an obligation for the road transport operator to make available to the driver a copy of the documents, in paper or electronic form, referred to in Article 4, points (b), (d) and (e) before posting the driver.</i>

Reason

It should be the responsibility of the road transport operator to make available the necessary documentation that is linked to posting to be produced at roadside checks.

Amendment 4

COM(2017) 281 final — Part 1

Article 1

Amend paragraph (1), point (b)

Text proposed by the Commission	CoR amendment
(b) the following paragraph 6 is added:	(b) the following paragraph 6 is added:
‘6. Article 3(1)(b) and (d) and Articles 4, 6, 8, 9, 14, 19 and 21 shall not apply to undertakings engaged in the occupation of road haulage operator solely by means of motor vehicles with a permissible laden mass not exceeding 3,5 tonnes or combinations of vehicles with a permissible laden mass not exceeding 3,5 tonnes.	‘6. Articles 4, 9, and 14 shall not apply to undertakings engaged in the occupation of road haulage operator solely by means of motor vehicles with a permissible laden mass not exceeding 3,5 tonnes or combinations of vehicles with a permissible laden mass not exceeding 3,5 tonnes except where those vehicles undertake international carriage as defined by Regulation (EC) No 1072/2009.

Text proposed by the Commission	CoR amendment
Member States may, however:	Member States may, however:
(a) require those undertakings to apply some or all of the provisions referred to in the first subparagraph;	(a) require those undertakings to apply some or all of the provisions referred to in the first subparagraph;
(b) lower the limit referred to in the first subparagraph for all or some categories of road transport operations.';	(b) lower the limit referred to in the first subparagraph for all or some categories of road transport operations.';

Reason

In order to minimise the administrative burden on small enterprises that only undertake national carriage or own-account operations, it is proposed to extend the four criteria of access to the occupation only to LCVs that are active in international transport.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

General comments

1. congratulates the European Commission on its efforts to deepen the single market in the international road transport sector, under conditions of social fairness and convergence of working arrangements, an essential factor for economic, social and territorial cohesion, while having reservations about the broad inclusion of international transport services in the scope of the posting directive;
2. notes that road transport is a leading force of the EU's economy, and must remain a frontrunner in generating further economic growth and jobs, while maintaining a level playing field and promoting competitiveness and territorial cohesion;
3. points out that the road transport sector in all the Member States is marked by wide disparities in terms of pay and, more generally, in the labour legislation that is applied. Many countries impose additional regulatory constraints. Differences in working conditions can result in distortion of competition and compromise road safety. This problem is particularly acute in cross-border regions, where there are significant differences in living standards on either side of the border;
4. consequently highlights the need, while ensuring the sustainability and competitiveness of the transport sector in the single market, to guarantee decent working conditions and a high level of road safety. Equal pay for equal work in the same place should also be applied in the European transport sector, while taking into account the needs of more peripheral regions;
5. points out that the main problems in the transport field, which the proposed legislation seeks to resolve, stem primarily from the absence of a sufficient level of social cohesion between regions. Increased cohesion will narrow the significant wage gap, making many labour and cabotage rules unnecessary, thereby reducing the risk of social dumping and avoiding distortions of competition;
6. notes that the planned provisions essentially seek a balance between the requirement by a group of countries to maintain the status quo regarding a series of procedures and decisions governing the transport sector, and the need to further deepen the single market by harmonising the framework governing the sector, the only safeguards being road safety, decent working conditions and the safety of drivers and the goods transported. Pleads in this context for social standards to be fully respected and states that social dumping at the expense of truck drivers is not acceptable;
7. in this regard, emphasises that in a competitive and deregulated sector there must be transparency as to regulations, inspection procedures and sanctions, with users being offered the best possible service. Exchange of information must be mandatory, as must the use of up-to-date technology, such as the introduction of smart tachographs, which is still subject to significant delay;
8. underlines that Member States on the periphery face greater difficulties in attempting to reach the core of the EU internal market. It may be necessary to cross one or even two non-EU countries, with all the necessary border and customs checks, which results in increased total travelling time and consequently increased cost. Ireland may also face difficulties of this kind when the United Kingdom leaves the EU. The Commission is urged to take the initiative with special measures to address this specific issue;

9. welcomes the attempt to introduce clearer rules on cabotage and posting of drivers in a sector of the economy that is key to achieving a single market with a high level of mobility. Since cabotage and the posting of drivers are closely linked, discussion and adoption of new rules on them must take place in parallel;

10. warns of the risk of unfair competition by transport operators from outside the EU, and urges that a specific framework of controls be introduced;

11. calls for systematic and automated controls with the help of mandatory smart digital tachographs as a basic prerequisite for success in ensuring that the single market functions properly, with or without changes to the institutional framework;

12. at the same time, points to the need for a thorough assessment of the impact of the proposed rules on SMEs in the EU, and considers that compliance costs will be higher;

Proposal on minimum requirements on maximum daily and weekly driving times, minimum breaks and daily and weekly rest periods and [amending] Regulation (EU) 165/2014 as regards positioning by means of tachographs (COM(2017) 277 final)

13. welcomes the greater flexibility introduced by the proposed regulation concerning drivers' rest times, together with the improved rest conditions under the proposal;

14. considers that the proposed changes in the calculation of drivers' rest times and conditions, if properly implemented, and bearing in mind the benefit to the drivers, could help enhance the conditions under which drivers exercise their profession and consequently increase the overall safety of transport;

15. at the same, is concerned that if the proposed flexibility is used by employers as a means of pressure, it could prove detrimental to road safety and drivers' working conditions;

16. also notes that there is a risk of abuse, since it will still be possible to pay drivers only for the hours they actually drive and not for rest periods. Calls for the drivers to be paid according to the hours they have worked, including outside the vehicle;

17. indicates the need for clear definitions of the concepts relating to driving time and resting time, in order clarify grey areas, such as when customs controls waiting times begin;

18. points to the shortage of safe vehicle parking and drivers' rest areas on European motorways and that fact that it will be impossible to implement the proposed legislation before such areas are created. This will require significant time and investment;

19. regrets the opportunity that has been missed to speed up the introduction of smart tachographs, and warns that the submission of travel details in handwriting is helping to prolong a situation where it is impossible to carry out comprehensive checks, and is expected to generate traffic congestion at borders, where parking facilities for this purpose may not exist;

20. urges for the acceleration of the introduction of smart tachographs by transport companies and the technology to read them remotely by enforcement authorities;

Proposal amending Directive 2006/22/EC as regards enforcement requirements and laying down specific rules with respect to Directive 96/71/EC and Directive 2014/67/EU for posting drivers in the road transport sector (COM(2017) 278 final), and proposal amending Regulation (EC) No 1071/2009 and Regulation (EC) No 1072/2009 with a view to adapting them to developments in the sector (COM(2017) 281 final)

21. considers that the three-day threshold before posting begins enables obstacle-free international transport. At the same time, the immediate start of posting in the case of cabotage creates a framework which may protect against the growth of unfair competition; recalls that illegal cabotage leads to distortion of competition and creates imbalances between Member States and regions with important wage cost disparities;

22. notes that the new cabotage rules strengthen the single market and will also result in fewer infringements of the law, facilitate controls and have a positive effect on the overall environmental footprint of road transport, as it will drastically reduce the number of empty runs;

23. suspects however that the proposed posting rules will increase administrative costs for both businesses and Member State administrations: since drivers could easily exceed the limit, bureaucratic procedures will be needed very frequently to implement and monitor host country labour legislation;

24. expects there to be an impact on the prices of transported goods, since although the reduction in empty runs by unloaded vehicles will reduce costs, the increase in the administrative cost of compliance will have the opposite effect, with part of the resulting cost possibly being passed onto consumers;

25. points to the wide variety of rules on the movement of heavy goods vehicles in the Member States, such as laws on use of motorways on weekends, and calls for the introduction of common guidelines on this matter, in close cooperation with local authorities;

26. indicates that the proposed rules make it particularly difficult to forecast labour costs, which will have an impact on the nature of transport, for example regarding scheduling criteria;

27. expects that in practice, on-road labour legislation compliance checks will be particularly problematic. For their part, drivers will be vulnerable to the risk of making mistakes and consequently incurring sanctions; considers it therefore important that warnings are sent before actual sanctions are imposed;

28. in order to simplify the procedure, suggests considering a weighted daily allowance as a possible solution: this would be paid to drivers in accordance with the country providing the transport work combined with the country where the headquarters of the transport company are located. In order to calculate this allowance, use could be made of the proven classification of Member States on the basis of per capita GDP, in exactly the same way as when implementing cohesion policy;

29. is pleased that the Commission is promoting electronic recording and compliance measures for the entire transport chain, such as smart tachographs and electronic consignment notes (e-CMR), together with standardisation of documents and procedures in order to improve monitoring of the legislation's application while to some extent containing administrative costs;

30. welcomes the clarification of the conditions for entering the transport profession and the measures to counter the emergence of letterbox companies; measures ensuring the proof of the location of the actual economic activity of an undertaking should be considered;

31. notes that the reform of legislation proposed, with regards to the LCVs (below 3,5 tonnes) is a step in the right direction to prevent such vehicles from circumventing social and labour rights;

32. proposes that, as far as possible, uniform rules be introduced for this category of vehicles, narrowing the Member States' scope for flexibility but also recognising the fact that light goods vehicles should be governed by a simpler framework;

33. considers that the attempt made by the Commission to identify types of infringement and their seriousness is a move in the right direction, as it will provide a reference point for the national authorities and operators in the sector and contribute to convergence on how to tackle infringements;

34. indicates that the expected focusing of controls on companies committing more infringements will help reduce the administrative burden and contribute to the successful tackling of infringements; calls for the adoption of common control procedures at EU level; further welcomes the proposal that breaches of the posting of workers directive shall be considered for a transport manager's or transport undertaking's good repute. The list of infringements leading to the loss of good repute of road transport operators (Regulation 1071/2009) should also include illegal cabotage;

35. warns of the risk of cabotage being repeated on the borders of countries with different wage costs;
36. regrets the new delay in the full operation of the European Register of Road Transport Undertakings (ERRU) and calls on the Member States to fulfil their outstanding obligations as soon as possible; at the same time urges the Commission to sound out the feasibility of merging existing databases such as TACHOnet, ERRU and that for vehicle roadworthiness tests;

Proposal for a directive amending Directive 2006/1/EC on the use of vehicles hired without drivers for the carriage of goods by road (COM(2017) 282 final)

37. welcomes the proposed complete liberalisation of the use of vehicles hired without drivers for the carriage of goods for own-account operations throughout the EU, regardless of where hired, as a significant liberalisation of the market and a measure it considers will lead to the creation of new jobs and help to improve the environment;
38. also welcomes the partial liberalisation of vehicle hire without drivers from another Member State for commercial activities as a potential solution for the current situation in which the conditions governing transport activities in the EU countries vary;

Summary

39. would argue that, in the effort to complete the single market in international road transport, factors such as environmental requirements, economic convergence, the legislation of the individual Member States and the creation of healthy competition should be combined;
40. given the prospect of future digital and technological developments in transport, calls for the active encouragement of up-skilling of the workforce by, for example, acknowledging that this is eligible for cohesion policy funding;
41. welcomes the Commission's efforts to impose uniform rules for regular reporting of control and supervisory activities carried out by the Member States, and urges it to step up its controls, particularly with regard to transnational administrative cooperation and the interpretation and correct and non-discriminatory enforcement of existing legislation;
42. calls on the Member States to implement the proposed legislation systematically and without exceptions, step up inspections, including checks on vehicles from non-EU countries, and impose appropriate penalties, promoting the effective harmonisation of the rules. This would deepen the internal market and promote jobs, growth, development and investment, boosting the competitiveness of the EU and its regions;
43. looks forward to an overall improvement in the level of transport services provided, which would contribute to territorial cohesion and enhanced quality of life for citizens.

Brussels, 1 February 2018.

*The President
of the European Committee of the Regions*
Karl-Heinz LAMBERTZ

Opinion of the European Committee of the Regions — Europe on the Move: promoting seamless mobility solutions

(2018/C 176/14)

Rapporteur: Ivan Žagar (SI/EPP), Mayor of Slovenska Bistrica**Reference documents:** Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Europe on the move: An agenda for a socially fair transition towards clean, competitive and connected mobility for all

COM(2017) 283 — final

Commission Staff Working Document accompanying the document Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Europe on the Move: An agenda for a socially fair transition towards clean, competitive and connected mobility for all

SWD(2017) 177 — final

Commission Staff Working Document — Towards clean, competitive and connected mobility: the contribution of Transport Research and Innovation to the Mobility package

SWD(2017) 223 — final

Proposal for a Directive of the European Parliament and of the Council amending Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructures

COM(2017) 275 — final

Proposal for a Council Directive amending Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructures, as regards certain provisions on vehicle taxation

COM(2017) 276 — final

Proposal for a Directive of the European Parliament and of the Council on the interoperability of electronic road toll systems and facilitating cross-border exchange of information on the failure to pay road fees in the Union (recast)

COM(2017) 280 — final

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

COM (2017) 275 — final — Part 1

Article 1

Paragraph (3)

Amend text as follows:

Text proposed by the Commission	CoR amendment
<p>1. Without prejudice to Article 9 (1a), Member States may maintain or introduce tolls and user charges on the trans-European road network or on certain sections of that network, and on any other additional sections of their network of motorways which are not part of the trans-European road network under the conditions laid down in paragraphs 3 to 9 of this Article and in Articles 7a to 7k.</p> <p>2. Paragraph 1 shall be without prejudice to the right of Member States, in compliance with the Treaty on the Functioning of the European Union, to apply tolls and user charges on other roads, provided that the imposition of tolls and user charges on such other roads does not discriminate against international traffic and does not result in the distortion of competition between operators. Tolls and user charges applied on roads other than roads belonging to the trans-European road network and other than motorways, shall comply with the conditions laid down in paragraphs 3 and 4 of this Article, Article 7a and Article 7j(1), (2) and (4).</p>	<p>1. Without prejudice to Article 9 (1a), Member States and competent local regional authorities may maintain or introduce tolls and user charges on the trans-European road network or on certain sections of that network, and on any other additional sections of their network of motorways which are not part of the trans-European road network under the conditions laid down in paragraphs 3 to 9 of this Article and in Articles 7a to 7k.</p> <p>2. Paragraph 1 shall be without prejudice to the right of Member States and competent local or regional authorities, in compliance with the Treaty on the Functioning of the European Union, to apply tolls and user charges on other roads, provided that the imposition of tolls and user charges on such other roads does not discriminate against international traffic and does not result in the distortion of competition between operators. Tolls and user charges applied on roads other than roads belonging to the trans-European road network and other than motorways, shall comply with the conditions laid down in paragraphs 3 and 4 of this Article, Article 7a and Article 7j(1), (2) and (4).</p>

Reason

Existing and future road tolls are for the main part operated by local and regional authorities, who should retain management over the level and details of charging. Especially when it comes to artificial distribution of traffic to the secondary road network due to tolls charged on the primary road.

Amendment 2

COM(2017) 275 — final — part 1

Article 1

Paragraph (14)

Point (b)

Amend text as follows:

Commission proposal	CoR amendment
<p>‘3. Revenues generated from congestion charges, or the equivalent in financial value of these revenues, shall be used to address the problem of congestion, in particular by:</p>	<p>‘3. Revenues generated from congestion charges, or the equivalent in financial value of these revenues, shall be used to address the problem of congestion, in particular by:</p>

Commission proposal	CoR amendment
a) supporting collective transport infrastructure and services; b) eliminating bottlenecks on the trans-European transport network; c) developing alternative infrastructure for transport users.'	a) supporting collective transport infrastructure and services; b) eliminating bottlenecks on the trans-European transport network; c) developing alternative infrastructure for transport users; d) supporting the development of local and regional transport systems. <i>Member States will be considered to be applying this provision if they implement a support policy which ensures funding for the development of a local and regional transport network with the objective to address and alleviate the reasons for congestions, to the value of at least 15 % of revenue generated by congestion charges.'</i>

Reason

The European Committee of the Regions considers that the text of the directive should be more explicit in making it mandatory for the organisations collecting the charges also to channel part of the revenue to peripheral regions and regions which are far away from the European network.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

Key messages

1. stresses the importance of an efficient, sustainable transport system for the economic competitiveness of cities and regions as well as its importance for strengthening the social, economic and territorial cohesion of the European Union. Local and regional authorities are responsible for shaping and implementing regional and urban transport policy and for ensuring public passenger transportation in their area. However, decision-making at local level is closely tied in with the framework laid down by national and European policies;

2. is aware that the external costs of transport such as congestion and air and noise pollution have a serious impact on the environment and health and on the economy as a whole. At the moment, costs are paid by those who generate them to a lesser extent, while society pays the rest. Transport creates nearly a fifth of all greenhouse gas emissions in Europe. There is an urgent need for measures to decarbonise transport;

3. notes that building up infrastructure can improve territorial cohesion and that infrastructure maintenance in many regions is nowadays at such a low level that there is a risk that territorial and social cohesion will deteriorate. In those areas where road tolls are collected, it is necessary for the money thus generated to be reinvested in local and regional infrastructure, above all in such a way as to reduce the differences in the degree and quality of regions' connections with the European transport network; calls for any re-investment into the transport systems to ensure the sustainability of those systems as one of the main aims;

4. stresses that road charging must first and foremost be based on distance travelled and should encourage the use of infrastructure at off-peak times. Further criteria such as traffic density, distance from business centres and distance between centres of economic power may also be taken into account. High or increased costs for accessing the European network discriminate against peripheral and remote regions and further damage territorial and social cohesion;

5. welcomes the Agenda for a socially fair transition towards clean, competitive and connected mobility for all, where it is stated that an even more comprehensive approach is needed in terms of level (national, regional and local) and in terms of different policies. It shares the conviction that, in order to achieve the objectives that have been set, more targeted rules and standards are necessary with numerous support measures;

6. stresses the need for more connected and automated mobility and to keep pace with current trends, such as electromobility and vehicles which communicate with other vehicles and with the surroundings (V2X technology);
7. strongly believes that the digitalisation of transport, for example via user information systems, can optimise traffic flows and the use of transport infrastructure; therefore encourages all Member States and regions to develop and implement plans for the interoperable digitalisation of transport systems;

The trend towards decarbonisation of transport

8. reiterates the need for the **decarbonisation of transport**.

At the moment, transport is the only sector where CO₂ emissions are still above 1990 levels and keeps growing in many Member States. The policy document *Europe on the move* and the proposed legislation on charging for infrastructure use are the first two steps towards a low carbon transport system. Road charging as a deterrent to irrational road transport use undoubtedly has a key role to play in decarbonisation;

9. points to the challenges and opportunities which 'green mobility' brings.

When implementing the restrictive measures in relation to environmentally-friendly transport, the economic importance of the transport sector must be borne in mind. Considering that transport is one of the biggest sectors in terms of jobs and economic activity, the decarbonisation of transport will lead to some problems. However, with environmentally-friendly and decarbonised transport, new and innovative areas of economic activity could be created, and Europe could play a leading role; it urges the Commission to progressively support the transition to 'green mobility' so as to attenuate the negative effects;

10. welcomes the changes to the taxation of heavy goods vehicles, as set out in the proposal for a Directive amending Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructures, as regards certain provisions on vehicle taxation, as they do not prevent Member States from maintaining or even increasing taxes for heavy goods vehicles if they choose to do so;

11. points out that where the changes to the road toll principles (user pays, polluter pays) are applied by Member States and regions, they will inevitably lead to more vehicles using local road networks, with adverse effects on safety, the environment and the costs of maintaining the local road network. At the same time, there will be unused motorway infrastructure capacity. The effect will certainly be more pronounced in EU regions with a low value of time, as confirmed by the results of analyses carried out in individual regions. Phasing out of vignettes, where they are used in such regions, will certainly have a number of adverse consequences;

The issue of market distortion and discrimination in transport

12. highlights the **issue of market distortion** caused by **unfair competition between transport modes** in particular.

This is particularly marked between rail and road, but also indirectly reduces the competitiveness of water transport. While rail operators pay for the use of infrastructure on the whole network and external transport costs are included in the price, only road freight transport is currently included within the scope of the directive, which does not cover the total external costs of transport. This creates an unfair advantage for transport modes that are less environmentally friendly;

13. notes that road users are in an unequal position and that the **principle of non-discrimination between the different types of road vehicles** needs to be implemented. Passenger cars, vans, buses and coaches are excluded from the polluter pays principle, although these vehicles are major polluters of the environment (13,5 % of total EU greenhouse gas emissions) and cause damage to infrastructure;

14. welcomes the shift to tolls based on **distance travelled**, as they are fairer than flat-rate charging for road use. The payment of fees and tolls on a basis that is coordinated, digital and interoperable throughout the EU would create a level playing field for the single market and ensure **non-discrimination between EU citizens and transport operators** from the different Member States;

15. points out that the **calculation of the tolls** should take into account the **differences between regions** in terms of traffic density and the distance between business and residential centres;

16. **calls for fairness in charging** for road use and for greater harmonisation of prices with regard to the length of use. An appropriate ratio between the price for short-term or occasional use and for permanent or long-term use must be ensured;

17. considers that more consistent inclusion of buses and coaches in the road toll system is required by the application of the polluter pays principle and would reduce the competitive disadvantages of rail transport, which has to pay track access charges; notes, however, that in areas where rail transport is not a serious travel option, increasing costs for bus and coach operators is not desirable;

The challenges of territorial and social cohesion

18. believes that aspects of **territorial and social cohesion** must be taken into account. The introduction of road charging schemes must not lead to any exclusion on the basis of geographical location or socioeconomic situation. Particular attention should be paid to vulnerable social groups and regions where there are no possible alternatives to individual road transport. Low-income groups must not suffer as a result of tolls when commuting to work by passenger car, if this is their only viable option;

19. calls for the principle of solidarity (from regions that generate income to regions whose development is lagging behind) to be applied when allocating toll revenue, ploughing it back into local road infrastructure and cross-financing more environmentally friendly modes of transport;

20. stresses the need for cities and regions to **embrace road tolls** and see them as a tool for achieving their development goals. The allocation of revenue from tolls plays a decisive role in this. The acceptance of charging for road infrastructure will depend on balancing the expectations of those who want that the revenue will be reinvested in local road infrastructure and the overall aim of investing into long-term sustainable alternative transport solutions;

21. notes that the **quality of road infrastructure** is on average **declining** and that investment decisions need to be taken in revenue-generating areas. Road tolls and external cost charges collected in one region need, in principle, to be reinvested in the transport infrastructure of the region in close cooperation with the competent local and regional authorities. An exception may be the redistribution of certain tolls from congested areas to areas with low traffic volumes;

22. welcomes the possibility of imposing infrastructure charges proportionate to the road quality provided (in capacity and technical terms), as an effective and appropriate measure for dealing with the poor road infrastructure maintenance situation;

23. stresses the urgent need for **investment in more environmentally-friendly transport modes**. With a view to social and territorial cohesion, toll revenue may also be invested in more environmentally-friendly modes of transport and expansion of public transport to regions which are not easily accessible;

24. considers that **investment in sparsely-populated and outlying regions** may be difficult to implement in public-private partnership. The possibility of entrusting construction/maintenance to a private firm in return for collected tolls is not attractive for those regions which do not have enough traffic for the private concession-holder. Therefore, a public-private partnership for operations should be considered to be a model that is appropriate under certain circumstances in certain regions, but it must not hinder public investment in less populated or more outlying regions;

25. **draws attention to** the differences in expectations and standards between Member States and regions. The common European charging system for external costs sets thresholds and minimum standards. However, it should allow Member States (or regions) to exceed them by setting up **more ambitious schemes** where this is justified by special circumstances that give rise to high external costs. High external environmental costs (e.g. in mountainous regions) must tackle the problems in the region in question;

Cross-border and European interoperability of electronic toll systems

26. agrees with the observations that despite the Electronic Toll Service (EETS) Directive (2004) and its implementing decision (2009), with rare exceptions there is no cross-border interoperability — the costs and inconveniences are thus borne by users and the bodies that provide and maintain these systems. The CoR therefore supports the planned changes in order to work towards achieving a European-wide interoperable system in the long run;

27. points out that a simple and affordable solution must be found. It could be compulsory for new cars to be equipped with this solution or for a single interoperable box to be installed on other vehicles. In the Single European Transport Area, electronic equipment for charging for the use of transport must not discriminate on the basis of different national or regional origin. Cross-border and pan-European interoperability of toll collection systems and the proportionality of the costs of their short-term and long-term use must be ensured; underlines also the need to further standardise the road-charging systems when developing EU wide standards for charging electric vehicles;

28. stresses the **need for data protection**. A robust legal framework must be established to protect individual data while providing minimum information to the toll operator;

29. supports efforts for effective cross-border and pan-European pursuing of offenders. In this regard, the principle of data protection must not be used as a reason to avoid taking action against offenders.

Brussels, 1 February 2018.

*The President
of the European Committee of the Regions*
Karl-Heinz LAMBERTZ

ISSN 1977-091X (electronic edition)
ISSN 1725-2423 (paper edition)



Publications Office of the European Union
2985 Luxembourg
LUXEMBOURG

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