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I

(Resolutions, recommendations and opinions)

RESOLUTIONS

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

543RD EESC PLENARY SESSION, 15.5.2019-16.5.2019

Resolution on ‘Let’s turn out and vote for a united Europe’

(2019/C 240/01)

At its plenary session on 15 and 16 May 2019 (meeting on 15 May), the European Economic and Social Committee adopted the following resolution by 226 votes to 4 with 12 abstentions.

Let’s turn out and vote for a united Europe

On the eve of the elections for the European Parliament and taking into consideration the Declaration on the Future of Europe agreed by the EU-27 Heads of State or Government in Sibiu (Romania) on 9 May 2019, the European Economic and Social Committee calls on EU citizens to use their right to vote.

The EU is founded on common values — democracy, protection of human rights, freedom of expression, the rule of law, tolerance, justice, equality, solidarity and democratic participation. These values need to be continuously defended and protected as they make it possible for Europeans to live in an open society where each and every citizen is respected and where a European identity, in addition to our national identity, unites us.

Today we face common and complex challenges:

- Climate change
- Social, economic and territorial inequalities
- Poverty
- Unemployment, especially among the young
- Shrinking civic space
- Migration
- Security and terrorism
- Corruption

And nationalism is not the answer.

Only through a **united Europe** can we make real progress on these issues.

We stand for a Europe which puts the needs of its citizens at the heart of its policies and actions and ensures that economic, social and environmental challenges are tackled together in a sustainable manner; a Europe which guarantees quality of life and employment, a favourable environment for investment and entrepreneurship, as well as increased economic and social cohesion.

We also stand for a Europe which provides opportunities for young people to fulfil their potential and promotes their active participation in the European political processes.

We, as representatives of civil society organisations, are working together for an EU that delivers and more effectively meets the expectations and needs of its citizens.

We urge citizens across Europe to turn out and vote in the forthcoming European elections. We call on civil society organisations to join our efforts to mobilise a positive vote for a united Europe.

Brussels, 15 May 2019.

*The President
of the European Economic and Social Committee*
Luca JAHIER

OPINIONS

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

543RD EESC PLENARY SESSION, 15.5.2019-16.5.2019

Opinion of the European Economic and Social Committee on 'Gender equality issues'**(own-initiative opinion)**

(2019/C 240/02)

Rapporteur: **Indrė VAREIKYTė**

Plenary Assembly decision	20.9.2018
Legal basis	Rule 32(2) of the Rules of Procedure Own-initiative opinion
Section responsible	Section for Employment, Social Affairs and Citizenship
Adopted in section	24.4.2019
Adopted at plenary	15.5.2019
Plenary session No	543
Outcome of vote (for/against/abstentions)	200/4/7

1. Conclusions and recommendations

1.1. The Committee believes that gender equality is a societal issue and that only a gender equal society can be economically and socially strong. It is therefore an economic and social imperative that women and men are treated equally and given equal opportunities.

1.2. While gender equality is a key objective of the EU, the EESC regrets that it will take over 100 years to achieve it at the current rate, especially if progress is further hindered by a backlash in the most crucial areas of development and a general slowdown in economic growth.

1.3. The Committee believes that the EU and its Member States must make every effort to achieve SDG 5 on gender equality by 2030. It therefore calls for an integrated and ambitious five-year EU gender equality strategy ⁽¹⁾, spanning the term of the next Commission and EP, and a strong commitment to gender equality by the EU institutions, governments, civil society and the private sector to holistically tackle all aspects of equality effectively at the same time and with measures of equal impact.

1.4. The EESC calls for gender equality to remain a stand-alone goal in the future financial frameworks, with a clear commitment to gender equality and gender mainstreaming and the inclusion of gender indicators, gender impact assessment and gender budgeting in all programmes and policy fields. The gender dimension should also be integrated into the country specific recommendations.

1.5. The Committee calls on the European Commission to launch a package on care services to boost the implementation of the European Pillar of Social Rights and to revise the Barcelona targets on childcare.

1.6. The EESC condemns all forms of violence against women and encourages Member States that have not yet ratified the Istanbul Convention to reconsider their position. The EESC also calls on the Commission to add online harassment and mobbing of women to the definition of illegal hate speech. EU-wide indicators for comparable data collection on violence against women should be established, as this would assist with developing effective policy measures.

1.7. The Committee notes that the discussion on the Women on Boards Directive remains on the agenda of the Romanian Presidency of the EU Council with the objective of increasing female participation in decision-making bodies. It calls on the Council to continue its efforts and proceed with the discussion on the Women on Boards Directive. The Committee also calls on industry to take a leading role and increase the participation of women in top decision-making positions.

⁽¹⁾ OJ C 110, 22.3.2019, p. 26.

1.8. The EESC calls for effective measures to be taken to ensure equal opportunities for women and men in the labour market, notably measures to close the gender pay gap, as well as to tackle horizontal and vertical gender segregation in occupations.

1.9. The EESC proposes establishing an emergency legal fund at EU level, which would provide support to civil society organisations who challenge national or local legislation that violates women's rights in courts.

1.10. The Committee recognises the role played by the media, advertising and public role-models in promoting gender equality and calls for measures to be taken to ensure that advertising has a positive rather than a negative impact in terms of representing and promoting gender equality in society.

1.11. The EESC calls on public institutions and civil society organisations across the EU to promote gender equality with their policies and external actions and to introduce exemplary internal measures, such as promoting women in decision-making and mainstreaming gender equality in all of their policies and processes.

1.12. Referring to Article 300(5) TFEU, the Committee calls on the Council to review its guidelines for the appointment of EESC members and recommends that the Member States put forward members on a gender parity basis. The Committee will strive to ensure gender equality in its operations, mainstream gender equality in its work process and establish a follow-up group in order to draw up adequate guidelines.

2. General considerations

2.1. Equality between women and men is a fundamental value and objective of the European Union, enshrined in the European treaties and the Charter of Fundamental Rights and most recently reaffirmed in the European Pillar of Social Rights. In addition to its legislative and policy framework for achieving gender equality, the EU supports the implementation of the Beijing Platform for Action and the Convention on the Elimination of All Forms of Discrimination Against Women, as well as the Programme of Action of the International Conference on Population and Development and the outcomes of their review conferences.

2.2. While there are numerous positive initiatives within Europe to tackle various aspects of gender inequalities, the drivers for true equality, especially within the Member States and regions, are complex and multi-faceted. Despite the general progress that has been made, the EESC regrets that, at the current rate, it will take over 100 years to achieve gender equality in the EU. The EESC has called for an overarching strategy for sustainability in implementing the 2030 Sustainable Development Agenda. In this context, the Committee believes that the EU and its Member States must make every effort to achieve SDG 5 on gender equality by 2030.

2.3. The EESC is also concerned that the future progress on gender equality could be hindered by the backlash in some Member States within the areas of economic empowerment of women (employment, work-life balance, social rights, care), education, sexual and reproductive health and rights, violence against women, women's NGOs and key areas of the institutional and policy framework within the EU and its Member States.

2.4. Additionally, a slowdown in the economic growth of a number of European countries is forecast, and so there is a risk that gender equality could slip down the agenda of Member States and companies as a consequence. It is important that the gender effects of macroeconomic policies are fully assessed and taken into account when designing fiscal policies and social protection and work-life balance policies, among others, so as to avoid further exacerbating the existing gender inequalities.

2.5. The Committee believes that advancing and ensuring the effective implementation of EU gender equality policies requires a new five-year EU gender equality strategy, spanning the term of the next Commission and EP, and a renewed commitment to gender equality by governments, civil society, the private sector and European institutions. It is not only needed to ensure a fair and equal society, but is also the best collective response to combat the discriminatory and misogynistic populist movements that are currently challenging democratic societies.

2.6. Public opinion supports the EESC's view here, as the majority of Europeans think that gender equality is crucial for a fair and democratic society (91 %), for the economy (87 %) and for them personally (84 %). Moreover, the share of EU citizens who would like the EU to intervene more in this policy area has risen by 10 % (from 55 % to 65 %) in just two years (2016-2018).

2.7. In this light, the Committee regrets that the overall EU funding allocated to gender equality measures in the 2014-2020 period is only EUR 6,17 billion, or around 0,6 % of the overall appropriations. The EESC calls for gender equality to remain a stand-alone goal in the future financial frameworks, which also have to show a clear commitment to gender equality and gender mainstreaming and include gender indicators, gender impact assessment and gender budgeting for both the EU and national levels. Attention to gender mainstreaming and the provision of specific funds for gender equality measures should be present not only in programmes addressing employment and social inclusion issues or fundamental human rights (e.g. the ESF, REC, AMIF, EaSI funds), but also in policy fields that are not seen as immediately related to gender equality but could have significant gender effects such as ICT, transport, urban and rural development, business, investment support, sustainable development and environmental policies. Gender equality dimension, assessed on the basis of the gender equality index, should become an integral part of the EU semester process, including country reports and country specific recommendations.

2.8. In the light of the recent increase in #MeToo exposures, the Committee praises the European Ombudsman for recommending a stronger code of conduct in all EU institutions, and believes that it also should be swiftly adapted and adopted by public institutions in the Member States.

2.9. The EESC calls on public institutions and civil society organisations across the EU not only to promote gender equality with their policies and external actions, but to also introduce exemplary internal measures, such as promoting women in decision-making and mainstreaming gender equality in all of their policies and processes, which are currently limited, but could set a strong positive example for the surrounding public institutions and businesses and further the dialogue on the implementation of gender equality measures at all levels of European society.

3. Economy

3.1. Equal access to economic resources is not just a matter of women's economic independence but a prerequisite for meeting the EU objectives on sustainable economic growth, quality employment, social cohesion, prosperity and competitiveness. Encouraging participation of women in the labour market is crucial for smart, sustainable, inclusive growth and GDP more generally, for ensuring that the EU makes full use of available talent.

3.2. In the labour market, European women continue to face persistent gender inequalities, segregation and a gender pay gap, which alone will cost the EU an estimated EUR 240 billion in GDP by 2030 and has both an immediate effect on women's take-home pay and a long-term effect on their social security and pension entitlements. The EESC therefore welcomes the Commission's consultation to evaluate the provisions in Directive 2006/54/EC implementing the Treaty principle on 'equal pay' with a view to ensuring better enforcement of the principle of equal pay for work of equal value in practice.

3.3. While reduced working hours can be a choice, over a quarter of Europe's population is in involuntary part-time employment. Women are over-represented in part-time employment and their choice of part-time work is often influenced by caring responsibilities. The share of involuntary part-time work has decreased only slightly (0,1 %) in recent years. One reason for involuntary part-time work is a lack of adequate care infrastructure and flexible working arrangements which could offer better opportunities for work-life balance. Women are also generally more exposed to poverty and limited career possibilities. Moreover, almost twice as few women as men set up their own businesses across the EU.

3.4. The EESC therefore calls for effective measures to be taken to ensure equal participation of women and men in the labour market, as well as to tackle horizontal and vertical gender segregation in occupations. Creating more opportunities for women to gain access to quality full-time employment with flexible work arrangements should be a key priority.

3.5. The Committee believes that promoting family- and gender equality-friendly labour policies and implementing transformative and targeted measures that can re-balance the unequal distribution of caring and domestic tasks between women and men are essential ⁽²⁾, especially as economic conditions put increasing pressure on workers. Monitoring of the transposition of the EU work-life balance directive will be essential to ensure upward reforms towards adequate paid leave and flexible work arrangements and to assess the impact of the new measures on the uptake of parental and paternity leave by fathers.

⁽²⁾ OJ C 129, 11.4.2018, p. 44.

3.6. Appropriate measures, such as the provision of accessible and affordable childcare and long-term care services, as well as measures promoting the take-up of leave for men, are crucial for allowing parents and carers to enter, remain in, or return to the labour market. The EESC calls on the European Commission to launch a package on care services to boost the implementation of the European Pillar of Social Rights and complement the Work-life Balance Directive, containing a mix of policy, funding and target recommendations; and to revise the Barcelona targets on childcare.

3.7. Collective bargaining can play an important role in addressing gender inequalities in the labour market. The recommendation of the ILO Global Commission on the Future of Work regarding a transformative agenda for gender equality should guide the social partners, Member States and EU institutions in their actions.

4. Education and training

4.1. Despite many encouraging changes in the education achievements of women and men, stereotypical segregation patterns remain throughout the Member States. Men remain severely underrepresented in sectors associated with traditional female roles, such as health and welfare, humanities and arts or teacher training and education science, while outnumbering women in STEM and ICT in all Member States. This creates additional challenges for women, as STEM, ICT and AI skills are already crucial today and will become indispensable in the future ⁽³⁾.

4.2. Women with low levels of skills and qualifications need additional support to improve their position in the labour market, as the gender gap in employment is widest for people with no or low qualifications and those facing intersectional discrimination. Policy measures specifically targeting vulnerable groups of women, especially those facing disabilities ⁽⁴⁾ and multiple disadvantages, would help raise their skill levels.

4.3. Women continue to increase their participation in higher education and outnumber men in many fields in tertiary education. However, segregation in both tertiary and vocational education persists, which limits career choices in non-traditional sectors and access to the same career opportunities.

4.4. It is therefore crucial to continue addressing gender-based stereotypes and segregation in education and training by supporting gender-sensitive curricula in education, career counselling, media campaigns that encourage boys and girls, women and men to follow career paths according to their skills and abilities; to foster career opportunities and developments for both women and men who choose non-traditional sectors; to create opportunities for women to capitalise on their higher education achievements to the same degree as men, to address the existing glass ceiling for women in academia ⁽⁵⁾; and to increase support opportunities for female entrepreneurs ⁽⁶⁾, especially in non-traditional sectors. It is also recommended to increase the general awareness of gender equality issues and the equality skills of public servants and professionals.

5. Women and poverty

5.1. Women are at greater risk of poverty, partly because of lower hourly pay, overrepresentation among minimum wage earners and in sectors that have lower remuneration levels, and are more likely to be in part-time work, non-flexible work arrangements or have more care-related absences from work. The feminisation of poverty is the consequence of a number of factors, including the undervaluation of women's work and gender pay gap. The gender employment gap widens substantially once people have children, which reflects the difficulties that women face in reconciling child-raising and care responsibilities with their work, as well as discriminatory and unfair treatment faced by pregnant women or those returning from maternity leave.

5.2. It is crucial to acknowledge that women are not a homogeneous category and that specific measures are required for women who face discrimination or disadvantages beyond gender, i.e. women with disabilities, racialised women, LGBTQ+, women in rural areas, immigrants, refugees or asylum seekers, and young and elderly women.

5.3. The Committee therefore recommends reinforcing measures which support gender equality in economic activity:

— mainstreaming gender in economic development initiatives,

⁽³⁾ OJ C 173, 31.5.2017, p. 45.

⁽⁴⁾ OJ C 367, 10.10.2018, p. 20.

⁽⁵⁾ OJ C 12, 15.1.2015, p. 10.

⁽⁶⁾ OJ C 299, 4.10.2012, p. 24.

- promoting equality in employment to achieve equal economic independence and financial security,
- supporting initiatives that increase awareness of the importance of women's economic independence for reducing poverty,
- addressing the effects of interrupted careers and different working patterns on the risk of women entering a state of poverty throughout their lives,
- developing policy measures targeting specific vulnerable groups of women who are most at risk of poverty,
- continuing to reform national pension arrangements by factoring the gender dimension into pension entitlements (e.g. by including maternity/paternity and other care-related leave time in pension calculations),
- addressing child poverty by including a gender perspective and a holistic approach that develops synergies between social inclusion, gender equality and other policy areas and with other policy and financial instruments,
- reviewing, adopting and maintaining macroeconomic policies and development strategies that address the needs and efforts of women in poverty.

6. Human rights

6.1. Gender equality is a fundamental principle, constituting an integral part of human rights and a prerequisite for making human rights applicable to all and enabling all to exercise them.

6.2. The EESC condemns all forms of violence against women and encourages Member States that have not yet ratified the Istanbul Convention to reconsider doing so without further delay. EU-wide indicators for comparable data collection on violence against women should be established, as this would assist with developing effective policy measures. To this end, the experience gained in some EU countries could provide an indication as to the approach to adopt. The EESC also calls on the Commission to update the Recommendation on measures to effectively tackle illegal content online and the Code of conduct on countering illegal hate speech online, which was agreed upon by the EC and global IT companies, by adding online harassment and mobbing of women to the definition of illegal hate speech.

6.3. The Committee deeply regrets the current backlash against women's sexual and reproductive health and rights in Europe, with serious implications for women's human rights and a general threat to the universality of human rights. Moreover, although legislative rollbacks have specifically targeted women's access to legal abortion services in some European contexts (even when evidence shows that comprehensive sexual education can reduce unwanted pregnancies by 50 %), other aspects of women's sexual and reproductive health and rights have also been affected, e.g. legal requirements for obtaining medical prescriptions for emergency contraception. Additionally, a series of retrogressive laws and policies with a broad range of harmful implications for women's rights have entered into force, including laws which have the effect of hindering sexual education, preventing the dissemination of information on sexual orientation and gender identity, including for education purposes, or decriminalising certain forms of domestic violence.

6.4. The EESC calls on the EU institutions and civil society to work together to take immediate, tough action against such laws. The Committee also proposes establishing an emergency legal fund at EU level, which would provide support to civil society organisations who challenge the legislation that violates women's rights in courts.

6.5. The EESC also stresses the importance of addressing obstacles that women and, specifically, victims of violence face when claiming redress when their rights have been violated, and ensuring equal access to justice for all women, by removing economic, cultural and (gendered) institutional barriers as a necessary precondition for women's human rights. Further on, the Committee regrets that indicators for assessing the progress of Member States in the area of women's human rights are still lacking; and that men are generally more likely to face unobjective judgement and be deprived of parental and visitation rights.

7. Women in power and decision-making

7.1. Despite the progress in recent years, underrepresentation of women in political and economic decision-making remains a challenge for the EU and its Member States. At all levels of government women occupy only a third of political decision-making positions and merely a quarter of senior and junior ministerial positions. Public/private economic and financial institutions are still almost entirely male-dominated.

7.2. The EESC regrets that even after continual calls from across the entire European Union and the Committee itself ⁽⁷⁾, the threshold of 40 % women in company boards by 2020 will not be achieved. It notes that the discussion on the Women on Boards Directive remains on the agenda of the Romanian Presidency of the EU Council with the objective of increasing female participation in decision-making bodies. It calls on the Council to continue its efforts and proceed with the discussion on the Women on Boards Directive. The Committee also calls on industry to take a leading role and to significantly increase the participation of women in top decision-making positions.

7.3. The Committee repeatedly ⁽⁸⁾ recommends considering effective strategies and tools (e.g. legal, budgetary and voluntary measures, gender quotas) to break the glass ceiling and achieve gender balance in elected and nominated posts in major political structures. Addressing and tackling the gender norms, attitudes and stereotypes hindering equal representation of women in decision-making positions in the political, economic and social domains is more important than ever.

7.4. The EESC recommends that the Commission lead an initiative to attract more women to participate in politics and vote for qualified female candidates by creating measures to invest in their skills, resource foundations and mentoring networks.

7.5. The EESC welcomes the target set by Commission President Jean-Claude Juncker of ensuring that, by the end of the current term, at least 40 % of its middle and senior managers are women and, in this light, acknowledges that, given that the EESC is an EU body that represents EU civil society and acts as the bridge between society and the EU institutions, it is regrettable that only 30 % of its members are women. The Committee therefore calls on the Council to review its guidelines for the appointment of EESC members in order to take account of economic, social and demographic developments within the Union, as stated in Article 300(5) TFEU. The Committee will strive to ensure gender equality in its operations.

7.6. In its newly adopted Rules of Procedure, the EESC has committed to ensuring compliance with the principle of gender equality and non-discrimination in all its policies. To this end, the EESC will adopt an anti-harassment policy and establish a follow-up group in order to draw up guidelines for the mainstreaming of gender equality in all its work, notably in its opinions.

8. Media

8.1. The media plays a vital role in shaping the opinions, attitudes and prejudices of a society. Women are producers and consumers, as well as part of media content, yet media content is not always gender-sensitive, and can portray degrading images of women and perpetuate gender roles, stereotypes and norms. The rise of digital technologies and new forms of communication has further complicated the relationship between women's roles in the media and the way in which producers, consumers and content relate to them.

8.2. While employment of women in the media sector in the EU has increased to nearly half (44 %) of the workforce and women represent the largest group (68 %) of graduates on journalism and information courses, women in media organisations mostly occupy only positions with limited influence on the content and strategy of organisations.

8.3. To improve gender equality in the media industry, it is crucial to target the glass ceiling, to enhance participation of women in top decision-making positions, and complement voluntary measures adopted by media organisations with policy measures supporting transformation of the media sector and its content. It is of the utmost importance to start acknowledging the consequences of gender stereotypes produced by media content, as well as assessing how men and women are represented in the media.

⁽⁷⁾ OJ C 133, 9.5.2013, p. 68.

⁽⁸⁾ OJ C 262, 25.7.2018, p. 101.

8.4. The advertising industry is still struggling to portray both women and men proportionally and realistically. Society is still seeing women and men depicted in outdated, unacceptable ways, even though gender stereotypes are now often presented in a more subtle manner. The EESC believes that it is time to shed any anachronistic perceptions and for the industry to take a leading role to ensure that advertising has a positive rather than a negative impact in terms of representing and promoting gender equality in society, especially in terms of gender-stereotyped marketing to children.

Brussels, 15 May 2019.

The President
of the European Economic and Social Committee
Luca JAHIER

Opinion of the European Economic and Social Committee on ‘Economic, technological and social changes in advanced health services for the elderly’

(own-initiative opinion)

(2019/C 240/03)

Rapporteur: **Marian KRZAKLEWSKI**

Co-rapporteur: **Jean-Pierre HABER**

Plenary Assembly decision:	12.7.2018
Legal basis	Rule 32(2) of the Rules of Procedure Own-initiative opinion
Section responsible	Consultative Commission on Industrial Change (CCMI)
Adopted in CCMI	26.3.2019
Adopted at plenary	15.5.2019
Plenary session No	543
Outcome of vote (for/against/abstentions)	150/3/6

1. Conclusions and recommendations ⁽¹⁾

1.1. The issue of socio-demographic ageing in Europe and the ethical, political, economic and social responses that need to be implemented not only pose a great challenge, but also provide opportunities for employment, training, economic development and innovation within the EU.

1.2. The Committee regrets that the growing needs of older people have not been anticipated in the EU's economic, social and health policies. It seeks to highlight the social and economic role of older people and the enormous potential they represent for employment, both via the silver economy and with regard to care needs and personal-service needs for the elderly.

1.3. In order to establish an accurate representation of the socio-demographic realities of ageing, an appropriate statistical measure of the situation is needed: as far as health economics is concerned, demographic ageing should be measured in a dynamic and fine-tuned way, in particular by including variables such as gender, healthy life expectancy, environmental epidemiology, etc. A panel of demographers, sociologists and doctors should therefore be asked to put together a set of dynamic indicators of demographic ageing.

1.4. The concept of care and personal services in institutions and at home should be clarified, since the term ‘personal services’ encompasses a range of activities that may be implemented by providers with very different kinds of status.

Given the wide range of activities relating to personal services for the elderly, these services are not considered to be a coherent economic sector within the EU. An overall EU-wide legal definition of personal services for elderly people should therefore be considered.

1.5. The EESC recommends that the right to dignified ageing be recognised as a fundamental human right. It therefore believes that every effort should be made to promote equal access to high-quality care and services.

1.6. The EESC would like the EU digital strategy to take account of the continued use of paper, to make it easier for older people to understand the care they are receiving.

1.7. The EESC recommends that housing and ageing policies focus on innovative housing schemes (such as modular flats, group housing, intergenerational and supportive housing, etc.), which should be the subject of sustained attention and benefit from a specific funding programme from the European Structural Funds.

⁽¹⁾ this opinion complements the EESC opinions of 13 December 2012 on ‘The Trends and consequences of future developments in the area of personal social, health and educational services industries in the European Union’ (OJ C 44, 15.2.2013, p. 16) and of 14 February 2018 on ‘Industrial change in the health sector’ (OJ C 227, 28.6.2018, p. 11) It also takes into account the Commission's recommendations of 2.7.2008 on cross-border interoperability of electronic health record systems and of 6.2.2019 on a European Electronic Health Record exchange format.

1.8. Each Member State should be encouraged to set up national and regional ageing observatories which would work on a collaborative basis with frontline economic and social services to:

- develop legal arrangements to protect the social and financial situation of elderly people;
- develop the internal mobility (housing) and external mobility (activities, travel, leisure, etc.) of older people;
- ensure that there is complementarity between home care services, retirement homes and any other alternative forms of housing for older people;
- coordinate the efforts of caregivers, helpers and providers of personal services for the elderly around a care pathway for elderly people, overseen by a coordinating gerontologist and a nurse.

1.9. The EU should consider establishing a coordinating platform for the activities of ageing observatories with responsibility for, inter alia, offering continuous training and disseminating good practices by developing a public database of the best products, devices, equipment and architecture aimed at making the daily lives of elderly people safer. The EESC would like the EU to provide more active support for R & D programmes on epigenetics and the human and social factors that characterise elderly people, by identifying the main molecular and biological mechanisms of ageing. It recommends setting up an EU technology platform that would help focus R & D on innovations that protect the health of older people and prevent poor health.

1.10. The EESC calls for better use of digital technology innovations on the part of all stakeholders in the medico-social sector: telemedicine, sensors, a digital clinical card and digital medical records, home automation technologies and, more generally, the implementation of artificial intelligence in relation to older people.

It asks for innovation to be encouraged by putting an end to market fragmentation and corporatist approaches, which constitute genuine technical barriers. It draws attention to the lack of European standards and certifications for materials and equipment designed for older people.

1.11. The EESC calls for new digital technological tools to be pooled so as to stimulate a genuine market that covers the needs of older people, and ensure that investment in Europe is sustained.

It believes that productivity gains arising from digital technology should be used to improve the well-being of older people and plans should be made for social workers and paramedics to be financially upgraded.

1.12. The vocational training of the sector should receive strong support. Issues such as nutrition, falls at home, violence towards the elderly and towards professionals, the use of digital technology at home, end-of-life care, etc., should be incorporated into specific programmes. The European Structural Funds, and the European Social Fund in particular, should ensure funding for vocational training for those involved in the care and personal services sector.

1.12.1. Given the different approaches in the EU, the EESC recommends defining a common framework that includes the best of existing training programmes, using a similar approach to the one taken when establishing Directives 2005/36/EC of 7 September 2005 and 2013/55/EU on the recognition of professional qualifications.

1.13. In order to prepare and strengthen the mobility of workers and services for the elderly, a European foundation for the training of gerontological nurses, carers and care assistants should be established, not only on a technical level but also on a social and human level.

1.13.1. Likewise, the social and financial status of people employed to take care of the elderly should be upgraded. The recognition of the concept of carer is also essential to establishing a coherent and effective ageing policy.

1.14. The EESC calls for a financial round table to be set up, bringing together the main stakeholders of the medico-social sector, the institutional market regulators (i.e. the state and local authorities), insurers and pension funds, so as to ensure the long-term survival of services and investments for older people, ensure jobs are adequately paid, and recommend a fair price for services. This central round table should be preceded by a series of decentralised preparatory meetings organised around the National Economic and Social Councils and the EESC.

1.15. The EESC recommends setting up a European communication policy aimed at developing greater intergenerational solidarity for the elderly, both economically and socially.

2. **A concerted and ordered policy for older people**

2.1. To gain an accurate representation of the socio-demographic realities of ageing, an appropriate statistical measure is needed, coupled with a social and health-based approach to the issue. We therefore advise:

— encouraging sociologists and demographers to carry out a detailed and forward-looking analysis of the socio-demographic dimensions of ageing (size and composition of households, links with children and other relatives, impact of households breaking up and reforming...);

— put in place assessment tools in Europe to observe and compare Member State policies and to replicate best practice.

2.2. Prevention may reduce the impact of difficult ageing, as long as we measure the scale of the challenge, identify what is involved in ageing well (exercise, sociability, peace of mind, nutrition) and redirect both human and financial efforts towards this major issue, without imposing a burden on taxpayers and taking account of differences in financial systems.

2.3. Recommendations in this area need to be supported by scientific research. This research should focus on epigenetics and identify the main molecular and biological mechanisms of ageing that could potentially be improved by micronutrients and changes to the relationship between people and the environment. The production of quality bio-active compounds to combat cell degeneration should be better monitored and certified to ensure greater efficiency.

2.4. Services for elderly people fall under two complementary approaches: the institutional approach (residential care homes) and the live-in care approach. The efficiency of this complementarity can only be ensured by analysing the objectives and the substance of each of these approaches, precisely defining the kind of people they support, and better coordinating the stakeholders and their tools.

2.5. Information should be gathered and structured in order to evaluate — quantitatively and qualitatively — current needs in terms of residential care home places, bearing in mind that, according to the literature, the majority of people aged 85 and over prefer live-in support (even in situations of severe dependency).

2.6. Digital medical cards and medical records should be introduced in all Member States. They would lead to a better understanding of health levels and would facilitate the introduction of a specific care pathway for elderly people.

2.7. A joined-up approach to work by — and therefore partnerships between — the various medical and paramedical services should be encouraged, with priority being given to the role of the coordinating gerontologist and the head nurse, whose role should be strengthened. Links should also be forged between institutional care services, outpatient care and services, family doctors and carers. This would lead to greater understanding of the demand for equipment and accommodation for the elderly.

2.8. In addition to professional services, the involvement of carers should be recognised and valued.

The Japanese Fureai Kippu (FK) system is interesting in this regard ⁽²⁾.

2.8.1. The EU could be at the forefront of launching an intergenerational time bank pilot scheme in a dozen European cities and/or regions based on the Japanese FK scheme. It could then propose mainstreaming the scheme, should it prove to be effective, to those Member States that show an interest in taking part.

3. **A well-founded and efficient accommodation policy**

3.1. The problem of accommodation for the elderly is complex and sensitive. Any approach to this issue should systematically prioritise an individual's choice, as well as dialogue with their family and those close to them. A well-founded policy on housing for the elderly should take into account the following factors:

— housing ages alongside its occupants. Costs relating to occupying unsuitable accommodation could become a factor in impoverishment, social marginalisation and the deterioration of health;

⁽²⁾ Japan (which is the fastest-ageing OECD country) has introduced the Fureai Kippu (FK) system, a local-level mutual assistance programme consisting which involves a 'time bank' and raises public awareness of volunteering. In accordance with the principle of subsidiarity, it covers all support to elderly or disabled people that is not covered by health insurance.

- The choice can no longer be between live-in care and residential care homes. Alternative facilities exist. Their respective social and economic potential should be assessed and the facilities that need to be set up should be defined based on people's profiles and the illnesses they suffer from (day centres, night care facilities, community centres aimed at facilitating independent living, etc.);
- A distinction should be made between 'cognitive impairments' and the inability to function independently;
- Grouping elderly people together in one place does not offer any cognitive advantages and the relationship between the mental and physical health of older people has now been scientifically proven;
- Grouping elderly people together and taking over their care completely significantly increases their risk of becoming withdrawn and less resilient. This inevitably leads to medical treatment and an increased use of medication.

3.2. The policy on building residential care homes for dependant elderly people should be well thought through, as otherwise there is a risk of inefficiency and costs that elderly people themselves will find it difficult to cover. The geographical location of residential facilities is an important point to consider. Respect for the autonomy of the person's choice regarding their possible placement in a residential facility is a categorical imperative.

3.2.1. Dynamic and flexible building and urban policies are essential in order to prioritise the intermodality of accommodation, intergenerational aspects and social inclusiveness.

3.3. Technological advances in the area of home automation are a key component of the accommodation policies to be implemented. There should be a special focus on a competent and qualified human presence to support them.

3.4. The 'age-friendly cities' initiative (promoted by the WHO) primarily aims to promote active ageing by optimising the health, integration and safety of older people. An age-friendly city establishes an inventory, evaluates the structures and services provided for older people and sets out a plan for implementing priorities and effects on the ground.

The EU could take the initiative by setting up a programme aimed at creating pilot age-friendly cities targeting diverse urban populations, from neighbourhoods in (very) large cities to semi-rural areas.

4. **Upgrading professionals and supported training**

4.1. In an ageing society, the focus should be on managing symptoms and their variability. More professionals are needed in order to develop systems and procedures. The number of persons working in rehabilitation and telemedicine will therefore increase.

Collective agreements agreed through social dialogue are needed in order to avoid a high turnover of workers in the sector, by insisting on improving the social status and remuneration of professionals.

4.2. In terms of statistics, in all scenarios examined, 'home care' is the occupation expected to be the greatest source of job creation. Professions relating to care and support for vulnerable people overall should record strong employment dynamics, given that they are relatively less affected by economic conditions. Personal carers, care assistants and nurses were also among the occupations that would create most jobs.

4.3. All of the literature consulted comes to the same conclusion: care and services for the elderly offer a potentially huge employment market as there is a strong socio-demographic trend towards ageing across the continent. The key issue concerns the viability of these poorly-paid jobs, with regard to their added value, staff dedication and the difficult working conditions involved.

4.4. Training for carers should also be supported as their presence and activities — in addition to those of professionals — are inextricably linked to the well-being of elderly people. The EU could also introduce a proactive policy of assisting caregivers by suggesting that Member States adapt their social legislation. This would involve granting carers a specific status.

4.5. The target audience for vocational training programmes in personal services for the elderly generally has few (or no) qualifications, and is unfamiliar with traditional learning and academic pathways. Nevertheless, they have empirical knowledge. There is therefore a need for a framework for developing new skills based on atypical knowledge (know-how and life skills). The EESC advocates an approach that, without neglecting cognitive learning, uses pedagogical methods that build on prior learning in order to define suitable competency profiles.

4.6. Access and training methods should be made easier for the target audience by making the route to acquiring the necessary technical expertise more flexible, via the following:

- ICT tools (and others) that provide access to theory and information;
- providing special opportunities for exchange;
- appointing a permanent mentor;
- organising online communities to facilitate exchange of knowledge and practices.

4.7. The above points should be the focus of a specific Erasmus+ programme. In addition, the EU Budgetary Authority should initiate and support discussions through a budget line on 'practical experience'.

5. **A suitable funding policy**

5.1. The principle of universal access to personal services for the elderly can be modelled on that of Age Platform Europe: being accessible at a price that does not compromise quality of life, dignity or freedom of choice.

5.2. Elderly people remain direct and indirect players in our social fabric. When they lose their independence, they take on a passive social role: they create the direct and indirect jobs that are needed in order to provide them with a support network. At this point society, in turn, can draw upon and utilise all of its skills and resources to provide comprehensive care for its elderly.

5.3. Personal services for the elderly generally enjoy a high degree of support from public authorities, in the form of schemes aiming to provide viable responses to demand from private households. However, the commodification and monetisation of these services is changing the role of public authorities and the governance of these services. As providers of services to dependent persons, states and local communities tend to become market regulators, establishing procedures that aim to ensure the efficiency of the market and the trust of service users. This is primarily done in three ways: monitoring operators in the field, controlling the quality of services and disseminating information. The EESC would like to see the Commission recommend that Member States ensure market transparency and quality performance from activities in the area of care and personal services for the elderly.

5.4. In order to ensure the genuine viability of demand in the area of personal services for the elderly, Member States should be encouraged to set up an autonomy insurance scheme, preferably as part of the social security system. This insurance should be inclusive, so as to fund services enabling effective autonomy. The autonomy insurance scheme should cover services at home as well as temporary or permanent stays in residential care homes.

5.5. While Member States' social security systems must incorporate this system, they will not be able to fund it solely through taxation. This funding should be considered alongside other sources — both public and private — including pension funds.

It would also be beneficial at this time for the Commission to carry out a broad study on the socioeconomic outlook, addressing the issue of the viability of jobs in the area of personal services for the elderly in the EU. This study should consider different forms of public and private funding, propose investment mechanisms based on public-private partnerships and put forward various recommendations at both supranational and Member-State level. The exact form that this study will take should be outlined as part of a financial round table bringing together the key players responsible for care of the elderly.

Brussels, 15 May 2019.

The President
of the European Economic and Social Committee
Luca JAHIER

**Opinion of the European Economic and Social Committee on ‘Working with Asbestos in Energy Renovation’
(own-initiative opinion)**

(2019/C 240/04)

Rapporteur: **Aurel Laurențiu PLOSCEANU**

Co-rapporteur: **Enrico GIBELLIERI**

Plenary Assembly decision	12.7.2018
Legal basis	Rule 32(2) of the Rules of Procedure Own-initiative opinion
Body responsible	Consultative Commission on Industrial Change (CCMI)
Adopted in CCMI	26.3.2019
Adopted at plenary	15.5.2019
Plenary session No	543
Outcome of vote (for/against/abstentions)	199/4/1

1. Conclusions and recommendations

1.1. The EESC welcomes the ambitious revision of the Energy Performance of Buildings Directive (EPBD), but also recognises the considerable danger posed by asbestos, which is the number one source of occupational cancer in Europe today. To achieve the ambitious goals of renewing the European building stock to create healthy and energy efficient homes and work places, the EESC deems it necessary to create synergies with the removal of harmful substances during energy renovation so that this burden is not left to the next generation.

1.2. The European Commission must follow up on the European Parliament resolution on asbestos related occupational health threats and prospects for abolishing all existing asbestos (2012/2065(INI)) and the EESC own-initiative opinion on Freeing Europe from Asbestos and follow up on their proposals.

1.3. The European Commission should seek collaboration with the International Labour Organization (ILO) and the World Health Organization (WHO) using previous ILO/WHO programmes. The European Agency for Occupational Safety and Health and the European Commission should jointly support such action in the EU.

1.4. The European Commission should actively promote a life cycle approach to building design and construction materials with a view to recyclability and end-of-life use as well as the EU goal of creating a circular economy.

1.5. The European Commission should make the removal of harmful substances a priority when developing complimentary tools such as a digital building logbook and building renovation passport to inform consumers about the renovation potential of buildings and support the implementation of customised renovation plans based on audits by professionals. This could include additional complimentary tools at EU level for the registration of harmful substances in buildings that are publicly accessible with a view to protecting consumers.

1.6. The European Commission and Member States shall review the transposition and practical implementation of the directive on exposure to asbestos at work (Directive 2009/148/EC) from the perspective of different risk groups, so as to improve the protection of all workers at risk of asbestos exposure. The European Commission and Member States should work together to make effective use of EU structural and investment funds for asbestos abatement.

1.7. Energy renovation is at the crossroads of multiple areas of European law. EU and national legislation should be assessed to ensure policy coherence in dealing with harmful substances. This includes waste legislation and guaranteeing a sufficient number of landfills to handle asbestos waste.

1.8. Member States should develop registers and make harmful substances a core component of any existing building renovation passports or when developing new ones.

1.9. It is crucial that Member States design their long-term renovation strategies with a view to the inherent dangers of asbestos and other harmful substances.

1.10. Member States must ensure that the criteria for financial support of energy renovation, such as tax rebates or subsidies, are explicitly defined in a way that enables homeowners to completely remove harmful substances in the course of renovation.

1.11. Member States must support social partners in adapting training, qualifications and job profiles to the future needs. This should be done with a view to increasing the attractiveness of the sector for young workers and women.

1.12. The particular role and responsibility of the social partners in combatting the hazards and protecting workers should be fully recognised and supported. A range of organised civil society should also take part as asbestos affects working life, health, consumer protection and the environment. This is particularly the case when it comes to recognition and compensation of victims of asbestos related diseases.

1.13. Member States can help to evaluate and promote good practices and new technologies to protect the health and safety of workers and inhabitants of buildings.

1.14. Considering the great importance of the matter, the EESC will present this opinion at a joint conference with the European Parliament, the European Committee of the Regions and the European Commission.

2. General comments

2.1. The revised EPBD will have a significant impact on economic activities in the construction sector by increasing the average rate of annual renovation. One of the most significant changes to the revised EPBD is the level of ambition as the average annual renovation rate should increase from 1 % to 3 %. This will have a positive impact on employment and open the opportunity to promote new and additional skills and qualifications in order to ensure sustainable quality employment and the competitiveness of the sector.

2.2. Policy-makers and stakeholders have to be aware of the potential health risk involved in renewing the European building stock, in particular stemming from exposure to harmful substances such as asbestos. Homeowners, inhabitants and employees working indoors are at risk. The revised EPBD emphasises health issues, and in particular Recital 14 of the amending Directive (EU) 2018/844 provides that 'Member States should support energy performance upgrades of existing buildings that contribute to achieving a healthy indoor environment, including through the removal of asbestos and other harmful substances, preventing the illegal removal of harmful substances, and facilitating compliance with existing legislative acts such as Directives 2009/148/EC ⁽¹⁾ and (EU) 2016/2284 ⁽²⁾ of the European Parliament and of the Council'.

2.3. Indeed, many buildings in need of improvements to their energy performance pre-date the ban on asbestos. Estimates suggest that currently, about 35 % of the EU's buildings are over 50 years old and almost 75 % of the building stock is energy inefficient, which means that the bulk of buildings in Europe are eligible for renovation before 2050. Accordingly, large amounts of asbestos will have to be removed safely.

2.4. According to paragraph 2 of Article 2a of the revised EPBD, in their long-term renovation strategies Member States must prepare a roadmap with an action plan on how to transform their building stock by 2050. Given the high proportion of buildings in Europe containing asbestos, Member States should formulate their long-term renovation strategies with a view to minimising the health risk to workers, inhabitants and the general public.

2.5. The energy renovation of existing buildings demands specific knowledge and skills on the part of workers. The Vocational Educational Training for Low Energy Construction project (VET4LEC) of the European sectoral social partners of the construction industry, has outlined these needs. It is important to all occupations dealing professionally or accidentally with asbestos to have proper qualifications.

2.6. Asbestos continues to be the number one source of occupational cancer in the EU. According to the International Commission on Occupational Health (ICOH) asbestos claims approximately 88 000 lives in Europe annually, accounting for 55-85 % of lung cancers at work. Mortality rates will continue to increase until the late 2020s and 2030s. Even work on bound asbestos can cause a significant release of harmful asbestos fibres.

2.7. The governance structure of the EPBD at national level must meet the present and upcoming challenges. Paragraph 5 of Article 2a of the EPBD states that, to support the development of its long-term renovation strategy, each Member State shall carry out a public consultation. Member States shall establish the modalities for consultation in an inclusive way while engaging relevant public and private actors in a more effective way based on wide consultation and real participation.

3. Comments concerning the European Institutions

3.1. The European Parliament adopted a resolution on asbestos related occupational health threats and prospects for abolishing all existing asbestos (2012/2065(INI)) in which, amongst other things, it called on the Commission to develop a holistic approach to energy renovation and asbestos removal. The EESC own-initiative opinion on Freeing Europe from Asbestos gave similar recommendations. The European Commission has taken some measures in following up on the proposals but should do more to accelerate their efforts.

3.2. Because of the use of asbestos containing products in virtually every part of existing buildings that pre-date the asbestos ban, any kind of renovation activity carries the potential risk of releasing asbestos fibres. Potential exposure to workers needs to be controlled and the European Commission must start an assessment of the existing European workplace limit value for asbestos fibres of 100 000 fibres/m³ (Directive 2009/148/EC) in order to determine whether or not it guarantees sufficient safety for workers. The ICOH recommends lowering the limit values to 1 000 fibres/m³.

3.3. Current models for the registration of asbestos and other harmful substances in Member States are by and large not fit for purpose. Although many Member States or regions feature registers of harmful substances they are often incomplete, not publicly available and most are not updated. In some countries they do not exist at all. Poland is a notable exception: the country has an ambitious asbestos abatement programme that enjoys public support and is facilitated by the existence of a publicly accessible register for asbestos.

3.4. A state of the art register for harmful substances in buildings should feature: building specific indication of location and amounts of harmful substances, diagnosis of threat potential and timeline for removal, central data collection by public authorities for statistical purposes and information for the design of removal strategies and financial incentives, as well as public accessibility of safety and health relevant information for public authorities, inhabitants, contractors and workers.

3.5. Recognition and compensation procedures for victims of asbestos exposure need to be improved and access to the necessary information should be facilitated in order to give victims a voice, together with legal, financial and personal support. Asbestos victim associations should be supported. This can reduce the personal burden they bear within such recognition procedures, which always adds to their personal suffering from the disease.

3.6. Within the governance structure of the EPBD at every level precise objectives should be established based on identification of main issues and assessment of progress. European instruments to support implementation of the national long-term renovation strategies should be developed in the form of guidelines and indicators, benchmarking, sharing of best practice and peer reviews.

4. Comments concerning implementation of the EPBD at national level

4.1. The revised EPBD obliges Member States to develop long-term renovation strategies. In line with Article 7 of the EPBD, it is crucial that these long-term strategies are designed in view of the inherent dangers of asbestos and other harmful substances.

4.2. Member States are obliged to set up and implement long-term renovation strategies. This should be done in concertation with the relevant actors, including different territorial levels such as regions and municipalities. Consideration must of course be given to national differences in administrative and organisational structures.

4.3. The criteria for financial support of energy renovation, such as tax rebates or subsidies, should be explicitly defined in a way that enables homeowners to remove harmful substances in the course of energy renovation measures; this can include the use of energy active materials such as integrated photovoltaic systems. It is important that financial incentives for the abatement of harmful substances are also available when their removal is not directly linked to the energy performance of the building. This can help to create healthy and energy-efficient living and working spaces and facilitate ambitious asbestos removal.

4.4. Consumers require additional support in the form of awareness-raising about the dangers of harmful substances in buildings that can have negative effects on health and indoor air quality, and how to alleviate these dangers in the process of energy renovation. Energy advisers and auditors and other consumer support providers should be knowledgeable and qualified to provide information about abatement and funding possibilities.

4.5. Currently, training requirements and provisions in many Member States are insufficient to adequately protect workers from the risks of asbestos. In principle, every worker in the construction industry runs the potential risk of encountering asbestos in the course of their work. According to the Directive on exposure to asbestos at work (Directive 2009/148/EC), every worker at risk needs training appropriate to the level of risk; however, this is not sufficiently reflected in the transposition into the domestic law of many Member States which are often limited to workers who are potentially exposed to high concentrations (e.g. asbestos removal/demolition). Member States are encouraged to review their respective transposition and practical implementation of the directive from the perspective of different risk groups, so as to improve the protection of all workers at risk of asbestos exposure.

4.6. It is important to mainstream awareness and trade specific training, including general awareness-raising especially among young workers, which can include vocational and educational training. Training should be designed to meet the needs of workers who will encounter asbestos on an occasional basis and enable them to remove low-risk materials such as undamaged asbestos cement roofs and pipes. This is particularly relevant to SMEs. Finally, the needs of specialised asbestos abatement companies who can also handle high-risk materials and large quantities on a regular basis should be considered separately.

4.7. The European Social Partners in the construction industry have developed asbestos information modules for the safer handling of asbestos, which are available in many languages. Member States are encouraged to undertake awareness-raising activities of their own or to disseminate existing material.

4.8. New technologies and new work practices to protect the health and safety of workers and inhabitants of buildings are available and their use and implementation need to be promoted. General dust reduction in the work place can reduce a wide range of adverse health effects resulting from crystalline silica, wood dust and asbestos, among others. This can be done by different means, such as suction at source, binding dust with water or gel. Remote-controlled robots are already used for removal of materials from surfaces, confined spaces, ceilings and building walls. Taking the danger of harmful substances seriously can drive innovation.

4.9. It is important to address the sometimes accurate perception of dangerous and unhealthy work places in the construction sector. This is an important consideration in light of an ageing work force. Managing the risk of asbestos and other harmful substances in a holistic way during energy renovation can help to make the sector more attractive to young men and women.

4.10. Energy renovation creates new occupations and transforms existing job profiles. This is an opportunity to improve the attractiveness of the sector and create new and attractive work places. It is increasingly important to address the demographic change in the sector by providing job profiles and working conditions that cater to the expectations of young workers and women in particular.

4.11. The average person spends about 90 % of their time indoors. Nowadays building materials rarely consist of homogeneous materials. Even apparently simple products are produced using a range of chemical products and additives; this is often linked to technical processes. Sometimes the long-term effects on human health are unknown. Nano materials, for example, feature similar geometric properties as asbestos and could potentially be dangerous in the long run. Policy-makers and building material producers should apply the precautionary principle as the guiding rule in building material research and development.

4.12. A life cycle approach to building design and construction materials with view to end-of-life use and recyclability should be mainstreamed. Policy-makers could stimulate or provide incentives for the use of sustainable building techniques and natural building materials such as, but not limited to wood, ideally from local sources. For example, we are witnessing an increase in timber framed buildings and technological developments in bio-based insulation materials such as hempcrete or new applications for wood-based products. These developments in using more sustainable materials and products should be more actively promoted and supported through various EU instruments and initiatives. This should also take into account the EU goal of creating a circular economy.

4.13. One of the main motivations for revising the EPBD was to reduce the impact of climate change. Nonetheless, we can anticipate a higher frequency of natural disasters that can result in the uncontrolled release of asbestos fibres from buildings and public infrastructure. This should be an additional incentive to accelerate asbestos removal and should feature in the response plans to natural disasters. Emergency services are at risk in such situations and need to be protected adequately.

Brussels, 15 May 2019.

The President
of the European Economic and Social Committee
Luca JAHIER

Opinion of the European Economic and Social Committee on 'Social economy enterprises' contribution to a more cohesive and democratic Europe'

(exploratory opinion at the request of the Romanian Presidency of the Council)

(2019/C 240/05)

Rapporteur: **Alain COHEUR**

Referral	Letter of 20.9.2018
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Single Market, Production and Consumption
Adopted in section	2.4.2019
Adopted at plenary session	15.5.2019
Plenary session No	543
Outcome of vote (for/against/abstentions)	118/1/1

1. Conclusions and recommendations

1.1. Thanks to the diversity of the sectors in which they operate, social economy enterprises (SEEs) have many contributions to make to the move towards a society that is more cohesive and focused on public interest. The social economy is a key driver of economic and social development in Europe, with 2,8 million companies and 13,6 million employees, representing 8 % of the EU's GDP. SEEs play a major role in creating and maintaining good jobs, and in the success of the European Pillar of Social Rights and the 2030 Agenda for Sustainable Development.

1.2. The state of the social economy in Europe is currently uneven. There are some Member States where historical factors and recent national policies support the development of the sector, while in others it faces constraints. This context, combined with the insufficiency of financial resources, prevents the social economy from contributing to economic recovery and renewed business dynamism, alleviating the social tensions caused by rising inequalities and poverty, lowering unemployment in particular regions and combating precarious working conditions, which are phenomena fuelling the rise in populism.

1.3. The EESC calls for the Member States and the European Commission to recognise SEEs' contribution to developing active citizenship and to the common good, to promoting the European social model and to constructing a European identity. This recognition will only have real meaning if adequate resources are allocated, and if people are encouraged to disseminate and promote the use of innovation and skills.

1.4. The EESC notes that SEE models hardly feature at all in educational programmes and business start-up and development schemes. It must be possible to include the issue of training and education on the social economy in the curriculums of educational systems — the true gateway to knowledge and entrepreneurial spirit. Therefore access of SEEs to the Erasmus+ programme should be promoted.

1.5. The EESC reiterates that it is essential for SEEs to be promoted through ambitious and cross-cutting public policies as well as through a European social economy action plan.

1.6. The EESC, as already expressed in previous opinions, calls on the EU institutions and Member States (MS) to ensure specific support for social innovation, which includes recognition and political support for SEEs and civil society as a key stakeholder in society and providing an enabling environment.

1.7. The EESC asks the Commission to clarify the concept of 'social economy' on the basis of the characteristics of its various current forms.

1.8. The EESC reminds the Commission, the Member States and Eurostat of the need to implement the proposals set out in the manual on satellite accounts, in order to create a statistical register of SEEs.

1.9. The EESC reiterates the need for more research to understand the scope and mechanisms by which SEEs contribute to promoting social cohesion and democracy and boosting the economy. This approach would reduce the gap between the new Member States and the rest of the EU.

2. General comments

2.1. SEEs are characterised by the fact that they serve the public interest or a community and that their goal is not to maximise their profits. Their aim is clearly social: to improve individual and collective well-being by reducing inequalities and increasing social cohesion. They also aim to help develop quality jobs in socially responsible businesses.

2.2. The social economy is a way of organising human activities, founded on shared ownership, solidarity and participatory democracy: it is underpinned by the economic viability of its means and effects the production, distribution, exchange and consumption of goods and services. It is a form of expression of active citizenship and contributes to individual and collective prosperity. It operates in all areas: economic, social, societal and environmental.

2.3. It should be noted that there are many elements progressively undermining the foundations of our societies which are based on democracy and social cohesion: reduction in public spending and the safety nets they offer, the mind set followed by financial and speculative markets of short-term profit and profitability, the rise in populist movements and increased inequality.

2.4. In order to respond to these developments in society and the growing uncertainties — but also to maintain its ambitions for economic development — the EU needs to contribute to the emergence of democratic and cohesive societies that are synonymous with economic and social progress and the fight against discrimination and social exclusion. The EU can achieve its ambitions while defending its shared values through the ambitious implementation of the European Pillar of Social Rights and achieving the sustainable development objectives.

3. Social cohesion and civil society

3.1. According to the Council of Europe, social cohesion is a society's ability to secure the well-being of all its members, reducing disparities and avoiding marginalisation. For the European Commission, the aim of economic, social and territorial cohesion policy is to reduce disparities in wealth and development between EU regions. The infringements of 'social cohesion' are causing rising frustration and a turn inwards based on identity, forming a breeding ground for anti-democratic theories. Democracy, social cohesion and free and independent organisation of civil society are key components of the European project, even if they are being called into question today. Through its social aims and social impact, the social economy provides a pragmatic response to the goals of cohesion and development while supporting a democratic model.

3.2. For historical and contextual reasons, civil society has very different definitions and can take different forms depending on the Member State. Its roots are in cultural and political traditions. Some of its organisations (trade unions, associations, charities, etc.) are well-established, while others are emerging over time. SEEs, being economies based on people, not capital, can be seen as a component of this civil society.

3.3. Civil society is a sort of incubator for the development of SEEs and thus serves to speed up cohesion. By creating SEEs, civil society can give certain minorities the right to be heard, or develop low-profit activities which would not necessarily have been considered by more conventional businesses. At this time of xenophobic movements and democratic retreat, SEEs can contribute to more democracy and more cohesion (Article 2 TEU), for example in the area of integrating migrants ⁽¹⁾.

3.4. In the field of education, the social economy as well as its contribution and its added value for our societies are more often than not overlooked in school and university curriculums, and the same goes for entrepreneurial initiatives. Member States and the EU institutions should therefore introduce the possibility of education on the social economy, to offer it without imposing it, to give people the means of making it their own.

4. The social economy, an economic model which takes a different form

4.1. The social economy has its roots in citizens' efforts to organise in order to meet their social and economic — and also cultural — needs in the face of social upheaval. SEEs have been defined first and foremost by their legal statutes, basic contracts binding the parties in question by freely establishing the internal rules by which they functioned. This was the basis for the creation of mutual societies, cooperatives and associations, and later of foundations. Today, it is these legal vehicles which are usually used in the establishment of SEEs ⁽²⁾.

⁽¹⁾ OJ C 283, 10.8.2018, p. 1.

⁽²⁾ 2017 EESC Study on Recent Evolutions of the Social Economy in the European Union.

4.2. As societies have developed, other kinds of structures have joined them: work integration social enterprises (WISE) in the areas of social and professional integration and disabilities or social-purpose enterprises in recovery and recycling, personal care or environmental protection.

4.3. The EC has encouraged support for the development of social enterprises — essentially, enterprises falling under the umbrella of the social economy — in a number of different kinds of texts (initiatives, regulations⁽³⁾). Today, there is considerable debate concerning the *de facto* inclusion of a social entrepreneurship that has not been unequivocally defined.

4.4. The EESC has long called for an Action Plan for SEEs to ensure development and growth and to unleash the full potential of this sector in Europe. For the EESC, SEEs are part of the regular economy and not in conflict with other business models. However, most existing business support, development and start-up programmes as well as other necessary conditions such as legislation and financial instruments often fail to support SEEs mainly because they are designed for a standard, more traditional company model and logic. In addition SEEs must be fully recognised and involved in the social dialogue.

5. Contribution of cooperation and the social economy to the goals of social cohesion and democracy

5.1. Democracy is at the heart of the definition of the social economy and the way SEEs operate. 'Internal' democracy involves the principle of 'one person, one voice' in decision-making bodies, and participation of different categories of stakeholders in the management of the enterprise, such as workers, users or beneficiaries.

However, the role of SEEs in democratising our economy goes beyond their internal ways of operating. There is a democratic dimension which gives people the possibility of engaging in collective activities and contributing to social debates. In that sense, SEEs are a real school of participatory democracy.

5.2. This democratic role is played by SEEs at different levels: through the goods and services they provide, the alternatives they offer, their responses to unmet needs, the forums for expression and debates that they help to create, their lobbying and awareness-raising initiatives. They must take on a business model that is more respectful of environmental issues, social relations and their employees' working conditions.

5.3. When we talk about the social economy's contribution to cohesion, we tend to think mainly of its ability to 'repair', its support for population groups in difficulty, and its role in the social, welfare and medical sectors. This tendency to see the social economy as having a repairing role is unquestionable and inextricably linked to the activity of the voluntary sector. However, it is also important to look at cohesion and democracy in terms of policies and procedures implemented by SEEs to measure their social impact.

6. Social and territorial cohesion — consolidating an integrated European space through the social economy

6.1. Globalisation, creation of the European single market, and major industrial revolutions have resulted in far-reaching changes in the regions. Some regions have been — or are still being — hard hit, particularly by de-industrialisation and unemployment.

6.2. The economies of the new Member States have undergone long and sometimes difficult processes of transitioning from planned communist systems to regulated market economies. Institutional and political adjustments have had an impact on their societies and economies, as well as on flows of migration. These changes have also affected SMEs, particularly the cooperative sector in each of these countries, which has been used for several decades, including during the transition to a market system. The development of the social economy in these countries could further the EU's goal of consolidating an integrated European area in which social and economic inequalities between the EU-15 and the 12 new Member States of eastern and southern Europe would be reduced and eliminated.

⁽³⁾ Regulation (EU) No 1296/2013 of the European Parliament and of the Council of 11 December 2013 on a European Union Programme for Employment and Social Innovation ('EaSI') and amending Decision No 283/2010/EU establishing a European Progress Microfinance Facility for employment and social inclusion (OJ L 347, 20.12.2013, p. 238).

6.3. In many countries in this region the social economy has become increasingly less prestigious. However, the sector has not been dismantled. On the other hand, after half a century of near-total extinction, mutual societies, associations and foundations are undergoing a gradual rediscovery and expansion, alongside the development of civil society, social movements and trade unions in these countries. The development of this 'third pillar' in the new Member States should be seen as part of their proper integration into the European social model.

6.4. Education and information campaigns on the history, traditions and national roots of the social economy and cooperative movements should help to mitigate the negative images associated with the forced cooperatives under communist regimes and link the new forms of social enterprise with social enterprise traditions.

6.5. In parallel, elected representatives, entrepreneurs and communities with a strong social economy tradition have tried to give fresh impetus to their areas and respond to the forms of economic and social imbalance with which they were faced. Conventional or new forms of social economy have been found at the heart of many local policies and have contributed to cohesion and democratic life.

7. SEEs deliver social and economic innovation

7.1. Innovations are often referred to as social or societal innovations, a topic the EESC has explored in previous opinions. Social innovations are good for society but also enhance society's capacity to act. The foundation of social innovation is an ethical, ideological or general interest viewpoint, which is demonstrated by the role of civil society in shaping welfare systems. SEEs are catalysts for social innovation, since they are centred on a specific user group, an unmet need in society or filling a gap.

7.2. A multitude of new business models are emerging which are transforming the relationship between producers, distributors and consumers (such as the functional economy, the sharing economy and responsible finance). SEEs are not new but fit this category of alternative economic models since they all seek to address other key challenges for people and the planet that are crucial for sustainable development, such as social justice, participatory governance and the conservation of resources and natural capital. The EU can become a leader in innovative economic models that make the idea of economic prosperity inseparable from high-quality social protection and environmental sustainability, and define a 'European brand'. The EU therefore needs to show ambition on this issue.

7.3. In Belgium, the cooperative association SMart enables its freelance members to grow their economic activity within a secure framework: SMart now has a presence in nine European countries with a total of 120 000 professionals.

7.4. In Spain, the cooperative group Mondragon has played a significant role in the economic and social development of the Basque Country for over 70 years. The Mondragon Corporation now employs more than 90 000 people.

7.5. In France, social initiative cooperatives ('SCICs') have been heavily involved in supporting and reintegrating people in difficulty. They now play an active role in territorial development and conduct local development projects.

7.6. More and more professionals and researchers in the digital field are operating in the form of cooperatives and enterprises based on 'intangible common goods'.

7.7. There are similar moves in the fields of fair trade, production and distribution of high-quality products of organic or integrated farming. There are a growing number of SEE initiatives in environment-related sectors.

7.8. Not all SEEs are small enterprises. Some of these enterprises in the area of banking and insurance (such as Crédit Cooperative in France and the P&V Group in Belgium) are leaders in their national markets. Similarly, consumption and distribution cooperatives occupy important positions in community commerce in Europe.

Brussels, 15 May 2019.

The President
of the European Economic and Social Committee
Luca JAHIER

**Opinion of the European Economic and Social Committee on ‘European philanthropy: an untapped potential’
(exploratory opinion requested by the Romanian Presidency)**

(2019/C 240/06)

Rapporteur: **Petru Sorin DANDEA**

Exploratory opinion request by the Romanian Presidency of the Council	Letter, 20.9.2018
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Employment, Social Affairs and Citizenship
Adopted in section	24.4.2019
Adopted at plenary	15.5.2019
Plenary session No	543
Outcome of vote (for/against/abstentions)	132/5/15

1. Conclusions and recommendations

1.1. The EESC fully acknowledges the complementary and innovative added value that philanthropy can bring to social cohesion by boosting common values and making our society more resilient. The Committee recommends that the Member States recognise philanthropy as a form of demonstrating societal commitment and engagement, create space for philanthropy and engage with philanthropic actors with appropriate legislative or non-legislative initiatives.

1.2. The EESC calls on the Member States to establish an enabling environment for philanthropy in line with EU freedoms and fundamental rights, which encourage philanthropic and citizen action, private giving to public benefit causes and the creation of philanthropic organisations, as well as ensuring that national and EU security measures are risk-based, proportionate and evidence-based but also promote transparency in philanthropic action.

1.3. The Welfare State and social security are a European creation, envied by the rest of the world. The Committee believes that the Member States should strengthen the welfare state, the European Social Model, and the social protection systems, based on tax justice and effective employment policies. This will improve the complementarity and capability of philanthropic organisations to meet the real needs of the most vulnerable people and to address issues which are not fully covered by public institutions or the private sector.

1.4. As the free flow of capital is at the core of the EU's single market, the EESC considers that ensuring the legal and practical application of this fundamental freedom coupled with the non-discrimination principle to facilitate cross-border philanthropic giving and investments should be a priority for the EU and the Member States. Supranational legal forms to facilitate philanthropic engagement should also be considered.

1.5. The EU could leverage the impact of private resources for the common good by introducing financial instruments, for example via the 2018 Invest EU programme, that act as a catalyst for co-granting with philanthropy, that stimulate co-investments and more social impact investments and that provide guarantee tools to reduce the financial risks of mission-related investments by philanthropic organisations. It should also facilitate engagement in social innovation.

2. Introduction

2.1. In ways big and small, philanthropy has improved the living conditions of the people of Europe and around the world. All over Europe, individuals, families, social partners, civil society organisations and businesses contribute to the common good, participating in a time-honoured tradition that advances our common humanity in a clear complementary role to the state.

2.2. Individual giving in all its forms is probably as old as human interaction, while the origins of organised giving (in the form of foundations, for example) in many European countries go back to the Roman Empire. At the same time, Europe is a diverse continent and philanthropy is conditioned by differences in history and culture, economic and political conditions, and rules.

2.3. Today, philanthropy is one form of demonstrating social commitment, commitment to the public good, solidarity and active citizenship. Individuals are the core of philanthropy: they are free to contribute their private resources to public benefit causes and to do this by supporting or setting up philanthropic organisations bound by the principles of transparency and accountability.

2.4. Philanthropic flows are protected by EU Treaty freedoms. The EU Charter of Fundamental Rights and specifically the right of association provide citizens with the freedom to create and organise structures for philanthropy. Many of them promote EU values as outlined in Article 2 of the EU Treaty, which include respect for human dignity, human rights and the rule of law.

2.5. Philanthropy aims to bring about a society centred around social cohesion, active citizenship, fulfilment and equal opportunities. These are important values for our society. They are triggered by indignation at injustice, care for the most vulnerable, compassion, aspirations for an innovative future and the responsibility for preserving valuable nature and culture. Motivated by these values, many individuals and philanthropic organisations offer solutions and tangible results.

2.6. Europe's philanthropic sector is composed of various types of donors and philanthropic entities. Although there is no single, up to date and comprehensive study on European philanthropy covering all EU Member States, we have some indicative data on the sector. In 2016, data compiled by the Donors and Foundations Networks in Europe (DAFNE) and analysed by the US Foundation CentER indicated that there are more than 147 000 registered 'public benefit foundations' in Europe, with combined annual expenditures of nearly EUR 60 billion. These figures are based on the latest available data from 24 European countries, including 18 EU Member States. In 2017, a study published by the European Research Network on Philanthropy ⁽¹⁾ provided a comprehensive overview of philanthropic giving by households, corporations, public benefit foundations and charity lotteries in 20 European countries (19 EU Member States and Switzerland) based on data sources from 2013. For these 20 countries, it is estimated that philanthropic contributions in Europe account for at least EUR 87,5 billion annually (the lower estimate).

3. Role and value

3.1. Philanthropic initiatives take on societal issues at local, regional, national, European and international levels. Philanthropic giving covers public benefit causes, from promoting plurality of ideas, inclusive societies, integration of people with disabilities, Roma and migrants, human rights and the rule of law to funding research and innovation, environmental issues, arts and culture, social justice projects, start-ups and social economy enterprises in all areas relevant to the EU.

3.2. The diverse nature of philanthropy means that the sector is able to detect and step in and support niche areas when market and government actors have more difficulty doing so ⁽²⁾. They often act as catalysts for innovation and new ideas. Philanthropic action has the advantage when it comes to discovering and trying out new methodologies to solve societal issues. Philanthropy does try, often succeeds, and sometimes fails but will always learn and share its best practices.

3.3. In many cases, public actors (such as national governments and local authorities) and philanthropic actors work in partnership to complement each other in activities which keep our society strong. Philanthropy will augment its impact if it can be supported by public authorities. The EESC is aware of the fact that philanthropy helps individuals but it is not part of the European social model (solidarity-based social protection, public services, social dialogue) and cannot be a substitute for it. The Committee is also aware of the fact that philanthropy can be in short supply for the poorest people. It would recommend that solidarity-based social protection systems be kept up and developed, and acknowledges the support provided for these sectors of society by philanthropic organisations.

3.4. Philanthropy is open to everyone; everyone can give. Millions of individual and corporate donors and funders already engage in Europe every year. It is primarily about passion, gratitude and commitment around societal issues in complementarity to public action. There are many ways in which individuals and organisations, including companies, can give to public benefit causes. These range from philanthropic gifts/donations or social impact investments to setting up donor advised funds or establishing an independent private philanthropic organisation with a long-term vision.

3.5. Philanthropic issues are transnational, cross-border and European: public benefit issues (such as climate change and health risks) do not stop at borders and Europeans are becoming increasingly mobile. Philanthropic organisations and donors therefore work increasingly across borders and in collaboration with partners from all over Europe, despite the existence of legal barriers to cross-border philanthropy. Philanthropic actors are also committed to global values and initiatives such as the SDGs and the climate agreement and promote their implementation at EU, national and local level.

⁽¹⁾ www.ernop.eu

⁽²⁾ See for example the case of the Belgian NGO Kick Cancer, which funds research for the development of medicines for children with cancer, <https://kickcancer.org/?locale=en>

3.6. Foundations and other philanthropic organisations can also act as ‘conveners’, bringing together the various stakeholders needed to solve a particular challenge.

3.7. Some national governments are introducing or considering introducing tighter rules that are reducing the operating space for philanthropy, also under the increasingly negative public discourse referring to civil society organisations ⁽³⁾. Mechanisms for stimulating philanthropy and an overall enabling environment are however essential for creating a culture of giving. Limiting the operating space might lead to increased public distrust of the valuable role played by civil society in promoting the development of society as a whole.

4. Barriers to be overcome in order to unleash the full potential of philanthropy in Europe

4.1. To unleash its full potential, philanthropy and its organised forms need an enabling environment at EU and Member State level. This includes a favourable social culture and legal environment stimulating philanthropic engagement. The 2018 study *Enlarging the Space for European Philanthropy* by Oonagh Breen ⁽⁴⁾ revealed that while companies can, within the EU single market, move freely across borders for profit capital flows without undue restrictions, this is not yet the case for philanthropic organisations and philanthropic flows. In addition, worrying developments regarding the introduction of foreign funding restrictions in some EU countries and more demands from the security agenda are challenging the operating space.

4.2. Organised philanthropy is a key partner in civil dialogue, which needs stronger enforcement ⁽⁵⁾. Increasingly, philanthropic organisations and donors work across border and in collaboration with partners but they are challenged by various legal, administrative and fiscal barriers:

- Firstly, philanthropic organisations sometimes need to register before they are able to operate in another country. Legal personality is not always recognised abroad.
- Secondly, there is no legal provision in most countries for shifting a philanthropic organisation’s headquarters across borders and so this process entails a high degree of legal uncertainty.
- Philanthropic entities cannot merge across borders as companies can.
- Governments should refrain from rolling back incentives for donations and sponsorships for philanthropic organisations including in cross-border contexts, especially for those offering services not covered by the market or public authorities.
- There are also fiscal and administrative barriers hampering the work, especially for cross-border philanthropy, since the tax non-discrimination principle is not yet implemented equally and in a meaningful way by the Member States to cross-border philanthropy ⁽⁶⁾.

4.3. In addition we see restrictions on foreign funding, whereas philanthropic funding should flow freely according to the EU principle of free movement of capital and on occasion, security policies at national and EU level challenge the space. While the security agenda is of great importance and a joint concern, caution is needed when it comes to potential unintended consequences for the sector. Policy measures must be risk-based and proportionate.

4.4. The philanthropic sector is also active in addressing extremism and providing humanitarian support. Its knowledge and expertise is an asset for addressing these challenges.

4.5. Political environment: at national and especially at European level, the perception of the complementary role played by philanthropy with regard to public action needs to be improved. Philanthropy is still relatively absent from debate in the European institutions.

⁽³⁾ See 2018 EU Fundamental Rights Agency study on civil society space listing challenges in different EU countries for civil society including philanthropy space — <https://fra.europa.eu/en/publication/2018/challenges-facing-civil-society-orgs-human-rights-eu>

⁽⁴⁾ *Enlarging the space for European philanthropy*.

⁽⁵⁾ EESC Liaison Group Action Plan for the implementation of Articles 11(1) and 11(2) TEU.

⁽⁶⁾ *Boosting cross-border philanthropy in Europe: towards a tax-effective environment (EFC-TGE study)* by Hanna Surmatz and Ludwig Forrest, May 2017.

5. Philanthropic growth and potential

5.1. Philanthropy is growing rapidly. In the last decade, increasing numbers of private initiatives have taken on societal issues that governments and economic actors have difficulty resolving on their own and have become a crucial foundation for our society. The EESC regrets the negative impact that governments' reduced capacity to provide protection and social services to their citizens have had. In this context, strengthening the conditions under which philanthropy can flourish is a very timely issue. Modern European philanthropic organisations are young. The number of public benefit foundations has increased rapidly over the last two to three decades. For example, between 2001 and 2014, the number of French foundations more than doubled. In Belgium, more than half the foundations in existence in 2012 were founded after 1995, and the sector has expanded rapidly in the last decade. In Spain, even more than 70 % of public benefit foundations existing in 2014 were founded after 1994 ⁽⁷⁾.

5.2. Philanthropic giving and engagement have been growing steadily in various European countries, particularly in the last few years. Philanthropic barometers indicate this growth all over Europe.

5.3. Community engagement and local philanthropy are growing. Community foundations all over Europe are now vital for social cohesion.

5.4. The younger generation is particularly committed to the common good, and is engaged in a number of new ways. Researchers are highlighting a global movement, new values and the positive impact of technological developments (crowdfunding, social media, global borderless causes but also very local, grassroots initiatives). Social investment is key.

5.5. Women also play a very important role in philanthropy in Europe. Philanthropic engagement by women is growing. Women tend to give in a more engaged and inclusive way, wanting to meet the people they fund, collaborate with their peers and involve themselves in the cause they are tackling. Women often give to more complex issues such as gender violence and health.

5.6. Giving back is becoming part of the corporate sector activity. Philanthropic engagement is part of and reinforces the CSR strategies of companies all over Europe. More and more companies of all sizes are committing financial resources, products, knowledge and time to the common good.

5.7. Special attention and support should be given to the growing social economy sector, which is an area of innovative philanthropic activity. Increasing numbers of people and entrepreneurs are turning to social economy business models, which are a key driver of sustainable economic and social development ⁽⁸⁾.

6. Boosting philanthropy in Europe

6.1. *Recognise philanthropy*: recognise the added value that philanthropy can bring to social cohesion by boosting common values and making our society more resilient. Promote philanthropy as a form of demonstrating social commitment. Engage with philanthropic actors and create space for legislation and regulation promoting this form of social engagement.

6.2. *Enable and protect philanthropy*: call on Member States to establish an enabling environment for philanthropy. Ensure that national and EU security measures are risk-based, proportionate and evidence-based. Do not discourage philanthropic and citizen action. Provide incentives for private giving for public benefit causes, in a context of fiscal justice.

6.3. *Facilitate cross-border philanthropy*: the free flow of capital is at the core of the EU's single market. Ensure the legal and practical application of this fundamental freedom coupled with the non-discrimination principle to facilitate cross-border philanthropic activity. Cross-border investments by philanthropic organisations are key. Supranational legal forms to facilitate philanthropic engagement should also be considered.

6.4. *Co-grant and co-invest for the public good and for a stronger civil society*: facilitate engagement in social innovation tools and the establishment of strategic partnerships with philanthropic actors. The EU could leverage the impact of private resources for the common good by introducing financial instruments that facilitate co-granting and stimulate co-investments by philanthropic organisations.

⁽⁷⁾ http://www.fundaciones.org/EPORTAL_DOCS/GENERAL/AEF/DOC-cw585d042d56ecf/Aefsectorfundacional3erInforme3.pdf

⁽⁸⁾ The promotion of the social economy as a key driver of economic and social development in Europe — Council of the EU, 7 December 2015.

6.5. *Embrace innovation*: we live in an exciting time for philanthropy. Innovative approaches such as social investments, impact bonds, impact investing and venture philanthropy are delivering breakthrough results and inspire both traditional notions of charity and corporate practices. New technologies and social media allow for rapid new engagements and impact. 'Data for Good' and digitalisation offer new prospects for philanthropy all over Europe. A new digital European cross-border giving platform allowing donors from all over Europe to support organisations all over Europe is in the process of being set up. Public and private stakeholders should encourage and develop these initiatives in order to make philanthropy more targeted and impactful.

Brussels, 15 May 2019.

The President
of the European Economic and Social Committee
Luca JAHIER

III

(Preparatory acts)

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

543RD EESC PLENARY SESSION, 15.5.2019-16.5.2019

Opinion of the European Economic and Social Committee on ‘Proposal for a Council Regulation amending Regulation (EU) No 904/2010 as regards measures to strengthen administrative cooperation in order to combat VAT fraud’*(COM(2018) 813 final — 2018/0413 (CNS))**(2019/C 240/07)*Rapporteur: **Krister ANDERSSON**

Consultation	Council of the European Union, 20.12.2018
Legal basis	Article 113 of the Treaty on the Functioning of the European Union
Plenary Assembly decision	13.12.2018
Section responsible	Economic and Monetary Union and Economic and Social Cohesion
Adopted in section	12.4.2019
Adopted at plenary	15.5.2019
Plenary session No	543
Outcome of vote (for/against/abstentions)	212/2/2

1. Conclusions and recommendations

1.1. The EESC supports the Commission's objective of establishing advanced operational collaboration between tax authorities with regard to VAT fraud in the e-commerce sector based on clear legislative provisions.

1.2. The EESC recommends that the response of the public authorities to sophisticated forms of VAT fraud continuously improve as regards the effectiveness of enforcement — using appropriate technologies such as, for example, artificial intelligence — and in terms of cooperation between the national authorities involved. Such authorities should work in synergy to guarantee a comprehensive and effective European answer to VAT fraud.

1.3. At the same time, the EESC notes that — from the consumer side — the proposal will incur new exchanges and processing of VAT-related personal information, regulated by the General Data Protection Regulation ('GDPR'). The EESC stresses the need to keep derogations and limitations to the GDPR provisions limited and aimed at the strictly defined objective of fighting VAT fraud. As specific exceptions to general and mandatory rules protecting personal data and individual privacy, such derogations should be narrowly and carefully interpreted by law enforcers.

1.4. In this respect, great attention should be paid to: i) the objective of the data processing, which will have to be possible only in order to fight illegal conduct; ii) the individuals allowed to access the data collected, stored and exchanged, who should be only officials of Eurofisc under specific conditions and for well-known and limited purposes related to the fight against VAT fraud; iii) the subsequent utilisation of data in order to trigger potential investigations and law enforcement activities.

1.5. All the above-mentioned aspects are formally taken into consideration by the Commission proposal and that is surely a positive feature of the proposal itself. Having said that, the EESC requires that the Commission guarantees, in the future everyday-practice of the system, full and effective implementation of all the safeguards for fundamental freedoms embedded in the proposal, thus striking an appropriate balance between robust enforcement of VAT rules and the necessary protection of individual rights and fundamental freedoms.

2. **Proposal of the Commission and general context**

2.1. The Commission proposal to amend Council Regulation (EU) No 904/2010 lays down rules for Member States to collect in a harmonised way the records made electronically available by payment service providers pursuant to Article 243b of the VAT Directive.

2.2. The e-commerce sector has witnessed spectacular growth in recent years and consumers can now easily choose between thousands of suppliers, products and brands through their computers or smartphones. However, these opportunities are also exploited by fraudulent businesses to avoid their VAT obligations.

2.3. The total VAT loss within the Member States on cross-border supplies of goods has been estimated at around EUR 5 billion per year and, more recently, this estimate has been updated to reach an even more remarkable amount ranging from EUR 7 to 10 billion. A strong response on behalf of the public authorities is therefore necessary and should be based on effective collaboration between tax enforcers both within the EU and at international level.

2.4. In practical terms, the proposal sets up a new central electronic system for collecting, storing and processing payment information and for the further processing of this information by anti-fraud officials in the Member States within Eurofisc, the network for the multilateral exchange of early-warning signals to fight VAT fraud.

2.5. After a careful and extensive impact assessment analysis, a central European system for the collection and exchange of payment data ("CESOP") has been considered by the Commission to be the most effective way to ensure that tax authorities have a complete overview in order to control compliance with VAT rules on e-commerce and to fight VAT fraud. The system will allow Member States to exchange payments information that they store at national level, helping to effectively fight e-commerce VAT fraud.

2.6. CESOP will be able to: i) aggregate all VAT-relevant payment information transmitted by the Member States per payee; ii) allow the creation of a complete overview of payments received by payees from payers in the EU; iii) recognise any multiple recording of the same payment transaction; iv) clean the information received by the Member States; v) allow Eurofisc liaison officials to crosscheck payment data with VAT information exchanged; vi) retain the information only for the period necessary, for tax authorities, to carry out VAT controls.

2.7. The storage period of the information in CESOP will be two years and Eurofisc liaison officials will be able to see whether the payments received by a given payee in a given period exceed EUR 10 000 across the Member States. The system would only be accessible to Eurofisc liaison officials from the Member States, and the only purpose for which CESOP would allow enquiries is for investigations into suspected or detected VAT fraud.

2.8. The Commission will report to the European Parliament and the Council on the functioning of the new administrative cooperation tool every five years.

3. **General and specific comments**

3.1. The EESC supports the Commission's objective of establishing operative advanced collaboration between tax authorities with regard to VAT fraud in the e-commerce sector based on clear legislative provisions. Fostering mutual administrative assistance between tax authorities will ensure increased financial resources both for the national and the EU budgets, as well as a simplified level playing field for tax-abiding businesses.

3.2. The growing use of communications technologies by market operators entails the need to constantly update anti-fraud legislation to reflect the various ways in which tax rules and VAT obligations are circumvented. It is therefore crucial that the response of the public authorities to sophisticated forms of VAT fraud continuously improve as regards the effectiveness of enforcement (using appropriate technologies) and in terms of cooperation between the national authorities involved. Such authorities should work in synergy with the support of the Commission to guarantee a comprehensive and effective European answer to VAT fraud pursuant to the subsidiarity principle as established by the Treaties.

3.3. In this respect, according to the EESC, investing in artificial intelligence in order to detect VAT fraud within the new system under construction might be beneficial and useful in order to make the new system fully operative, provided that the fundamental rights of individuals and specific EU rules, such as the General Data Protection Regulation (GDPR) ⁽¹⁾, are fully respected within the new operative scenario, involving the utilisation of new technologies and AI to support the activity of public enforcers.

3.4. Given the cross-border nature of VAT fraud and the increasing ease (facilitated by technology) with which illegal practices can rapidly be developed — an example is the speed with which money gained from VAT fraud can be moved — closer cooperation needs to be developed not only within the EU, but between authorities worldwide. Measures to fight VAT fraud can only succeed if countries' tax administrations cooperate more closely in a spirit of mutual trust, which will require the exchange of relevant information to be able to perform their tasks.

3.5. To this end, the OECD recommends reinforcing international administrative cooperation on VAT or sales tax to address the challenges of collecting VAT from non-resident suppliers, particularly in B2C trade, as duly noted by the impact assessment analysis performed by the Commission.

3.6. A step forward in this direction is the agreement between the EU and Norway in the field of VAT administrative cooperation (June 2018) that also includes specific instruments for the recovery of VAT claims. The EESC hopes that the EU will further promote international anti-fraud cooperation in order to develop an effective and coordinated response to activities that go beyond States and continental borders, harming both the EU and national budgets.

3.7. The EESC underlines that, from the consumer side, the proposal will incur new exchanges and processing of VAT-related personal information, regulated by the General Data Protection Regulation (GDPR), recently approved and implemented across Europe, with significant compliance costs for EU businesses.

3.8. The GDPR gives a wide definition of personal data, including any information on an identified or identifiable natural person, who can be identified directly or indirectly. As a consequence, the payment information covered by the Commission proposal falls under the scope and the principles applicable for the protection of personal data as laid down in the Charter of Fundamental Rights.

3.9. According to the Commission, 'taxation is an important objective of general public interest of the Union and of the Member States and this has been recognised in relation to the restrictions that may be imposed on the obligations and rights under Regulation (EU) 2016/679 of the European Parliament and of the Council ⁽²⁾ and in respect of the protection of information under Regulation (EU) 2018/1725 of the European Parliament and of the Council ⁽³⁾. Limitations in relation to data protection rights are necessary due to the nature and volume of that information which originates from payment service providers and should be based on the specific and predefined conditions and details laid down in Articles 243b to 243d of Council Directive 2006/112/EC ⁽⁴⁾.

3.10. The EESC strongly underlines the need to keep derogations and limitations to the GDPR provisions limited and aimed at the single and strictly defined objective of fighting VAT fraud. As specific exceptions to general and mandatory rules protecting personal data and individual privacy, such derogations should be narrowly and carefully interpreted by law enforcers. In this respect, great attention should be paid to: i) the objective of the data processing, which will have to be possible only in order to fight illegal conduct; ii) the individuals allowed to access the data collected, stored and exchanged, who should be only officials of Eurofisc under specific conditions and for well-known and limited purposes related to the fight against VAT fraud; iii) the subsequent utilisation of data in order to trigger potential investigations and law enforcement activities.

⁽¹⁾ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32016R0679>

⁽²⁾ General Data Protection Regulation: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32016R0679&from=EN>

⁽³⁾ <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32018R1725&from=EN>

⁽⁴⁾ VAT Directive: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32006L0112&from=EN>

3.11. All the above-mentioned aspects are formally taken into consideration by the Commission proposal and that is surely a positive feature of the proposal itself. Having said that, the EESC requires that the Commission guarantee, in the future everyday-practice of the system, **full and effective implementation** of all the guarantees for fundamental freedoms embedded in the proposal, thus striking an appropriate balance between robust enforcement of VAT rules and the necessary safeguarding of individual rights and fundamental freedoms.

3.12. As to the latter, the EESC requires that the competent national authorities carefully monitor and verify whether the rules limiting the utilisation of data and information within the proposal, as well as the provisions of the GDPR, are fully and concretely complied with. The EESC calls on the Commission — when collecting feedback from Member States which is due to be completed by the end of 2024 — to carefully check — alongside the national authorities in charge of personal data protection and the European Data Protection Supervisor — whether the provisions of the GDPR have been fully complied with and report to the European Parliament and the Council within its planned report on the functioning of the new administrative cooperation tool (Article 59 of Regulation (EU) No 904/2010). Should distortions or wrongdoings be detected, they must of course be immediately prevented and corrected.

3.13. With regard to the protection of European businesses operating in the e-commerce field, the EESC recommends that the new system be able to effectively safeguard and guarantee trade secrets both in the preliminary monitoring stage of the data collection and analysis and especially in the subsequent (hypothetical) stage of law enforcement. In this respect, the experience accrued by the European Commission in protecting intellectual property and industrial secrets within competition law cases could be useful as a comparative standard.

Brussels, 15 May 2019.

The President
of the European Economic and Social Committee
Luca JAHIER

Opinion of the European Economic and Social Committee on ‘Proposal for a Council Directive amending Directive 2006/112/EC as regards introducing certain requirements for payment service providers’

(COM(2018) 812 final — 2018/0412(CNS))

and on ‘Proposal for a Council Directive amending Council Directive 2006/112/EC of 28 November 2006 as regards provisions relating to distance sales of goods and certain domestic supplies of goods’

(COM(2018) 819 final — 2018/0415(CNS))

(2019/C 240/08)

Rapporteur: **Krister ANDERSSON**

Consultation	Council of the European Union, 20.12.2018
Legal basis	Article 113 of the Treaty on the Functioning of the European Union
Section responsible	Economic and Monetary Union and Economic and Social Cohesion
Adopted in section	12.4.2019
Adopted at plenary	15.5.2019
Plenary session No	543
Outcome of vote (for/against/abstentions)	209/1/3

1. Conclusions and recommendations

1.1. The EESC supports the Commission’s objective to introduce further rules ensuring proportionality and enhancing legal certainty for traders operating electronic interfaces, who facilitate the supply of goods to consumers in the EU, especially when they are treated as deemed suppliers.

1.2. The EESC further supports the Commission’s purpose of establishing regular cooperation with payment providers based on clear legislative provisions. The promising results expected after the implementation of the new measures will ensure more resources both for national and the EU budgets, as well as a simplified level playing field for tax-abiding businesses.

1.3. The EESC notes that the regulatory approach embraced by the Commission is consistent with the principle of subsidiarity, given that e-commerce VAT fraud is common to all Member States and that European legislation is the most efficient tool to effectively support Member States in obtaining the information necessary to control VAT cross-border supplies. By contrast, several legislative initiatives carried out at the national level would be unsuitable to effectively address the issues related to VAT fraud and would result in an overcomplicated regulatory scenario.

1.4. However, at the same time, the EESC underlines that — from the consumer side — the proposal will imply new exchanges and the processing of VAT-related personal information, now regulated by the General Data Protection Regulation (“GDPR”) ⁽¹⁾. In this respect, the EESC strongly underlines the importance of fully respecting the provisions of the GDPR and the need to limit the use of data to the sole — and strictly limited — objective of fighting VAT fraud in a manner that is cost-efficient and acceptable to the public at large.

1.5. Finally, the EESC recommends that the Commission carry out adequate investments in physical assets and IT to ensure a functional central repository system, noting that the estimated costs of the project could be easily and swiftly covered by the expected results in terms of reducing VAT fraud and the VAT Gap.

2. Proposal of the Commission and general context

2.1. The Commission proposal introduces certain requirements for payment service providers to ensure effective cooperation between such providers and tax authorities with a view to improving anti-fraud tools in the field of VAT. The proposal is in line with the VAT e-commerce directive, which has introduced new VAT obligations for online marketplaces and new simplification measures to help businesses comply with VAT obligations through a One Stop Shop (“OSS”).

(1) General Data Protection Regulation — <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32016R0679>

2.2. The Commission proposal COM(2018) 819 final introduces further rules that should improve the functioning of the VAT e-commerce package adopted in December 2017, which will enter into force on 1 January 2021. It introduces further clarifications on the VAT treatment of suppliers using an electronic interface to facilitate supplies of goods to consumers in the EU when they are considered to be deemed suppliers according to Article 14a(2) of the VAT Directive and thus responsible for the collection and payment of VAT to the tax authorities. In principle, pursuant to Article 369b of VAT Directive 2006/112/EC^(?), the OSS can only be used to declare and pay VAT on cross-border supplies of services and for intra-Community distance sales of goods and not for the domestic supply of goods. However, since suppliers selling goods through the use of an electronic interface may hold a stock of goods in different Member States from which they carry out domestic supplies, this would entail that traders operating such electronic interfaces who become deemed suppliers for these supplies would have to register in all EU Member States, where the original suppliers hold a stock and carry out domestic supplies. Therefore, it is proposed to allow them to also use the OSS for the domestic supplies for which they are treated as deemed supplier according to Article 14a(2) of the VAT Directive. Thus, the simplification of the OSS for electronic interfaces is maintained, avoiding further burdensome procedures for companies. Commission proposal COM(2018) 819 final lays down specific rules needed to support the adoption of a OSS through some targeted modifications to the current legal framework.

2.3. The e-commerce sector has witnessed spectacular growth in recent years and consumers can now easily choose between thousands of suppliers, products and brands through their computers or smartphones. However, this opportunity is also exploited by fraudulent businesses in order to avoid their VAT obligations.

2.4. More specifically, there are three main cases of cross-border VAT fraud in the area of e-commerce: **i)** intra-EU supplies of goods and services; **ii)** imports of goods from businesses established in a third country for consumers in the Member States; **iii)** supplies of services from businesses established in a third country to consumers in the Member States.

2.5. The total VAT loss within the Member States on cross-border supplies of goods has been estimated at around EUR 5 billion per year and, more recently, this estimate was raised to the even more remarkable amount of between EUR 7 and 10 billion. A strong response on behalf of public authorities is therefore needed and should entail, whenever necessary and proportionate, the cooperation of private stakeholders.

2.6. The Commission proposal COM(2018) 812 final is aimed at reducing the problem of e-commerce VAT fraud by strengthening the cooperation between tax authorities and payment service providers, since more than 90 % of online purchases in the EU are currently carried out through an intermediary. In this respect, the experiences of several Member States have demonstrated that sufficient cooperation between tax authorities and payment service providers can deliver tangible and rapid results in fighting e-commerce VAT fraud.

2.7. The proposal will enable tax authorities to collect and exchange the payment information provided via payment service providers, using a central repository system to be developed by the Commission in conjunction with national tax authorities, with the aim of ensuring a uniform approach to data collection and analysis.

2.8. In practical terms, a new record-keeping obligation for payment service providers is introduced under Article 243b of VAT Directive 2006/112/EC. The only payment services that are relevant in this respect will be those resulting in a cross-border transfer of funds to the payees — or to the subject acting on behalf of the payees — and only when the payer is located in one of the Member States. In other words, according to the proposal, the 'cross-border' concept refers to transactions where the consumer is in a Member State and the supplier is in another Member State or in a third country. Domestic payments are not covered by the Commission proposal.

2.9. In order to exclude cross-border fund transfers executed for private reasons and to focus only on payments linked to an economic activity, the payment service providers have to keep records on that payee and make them available to tax authorities only when the total amount of payments received by a given payee exceeds the ceiling of 25 payments in a calendar quarter. Such a threshold was set by taking into account an average value of online shopping orders of EUR 95 which, combined with a minimum amount of 100 payment transactions per year, results in almost EUR 10 000 in yearly sales.

2.10. The information to be kept by the payment service providers will identify the payment service provider that is keeping the records, information to identify the payee, and information on the payments received by the payee. The identification information of the payers is not included under the record-keeping obligation of the payment service providers, as it is not necessary to detect fraud. The record-keeping period for the payment service providers will be two years.

(?) VAT Directive 2006/112/EC — <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32006L0112>

3. General and specific comments

3.1. The EESC supports the Commission's objective in its proposal COM(2018) 819 final to introduce further rules ensuring proportionality and enhancing legal certainty for traders operating electronic interfaces who facilitate the supply of goods to consumers in the EU especially when they are treated as deemed suppliers.

3.2. The EESC further supports the Commission's objective of establishing regular cooperation with payment providers based on clear and transparent legislative provisions. The promising results expected after the implementation of the new measures justify the legislative effort of the Commission and will ensure more resources both for national and the EU budgets, as well as a simplified level playing field for tax-abiding businesses.

3.3. The Commission proposal follows an extensive consultation with several stakeholders and in particular with payment service providers, other businesses representatives, and tax authorities of the Member State. The EESC commends the Commission's wide gathering of feedback and contributions from public and private players, which were certainly helpful in devising a sound and proportionate legislative proposal.

3.4. The EESC notes that the regulatory approach put forward in the proposal is consistent with the principle of subsidiarity enshrined in the Treaties, given that e-commerce VAT fraud is common to all Member States and that European legislation is the most efficient tool to effectively support Member States in obtaining the information necessary to control VAT cross-border supplies. By contrast, several legislative initiatives carried out at the national level would be unsuitable to effectively address the issues related to VAT fraud and would result in an overcomplicated regulatory scenario.

3.5. The Commission proposal requires payment service providers to keep records of data that they already have at their disposal in order to execute payment transactions, in accordance with the proportionality principle set out in the Treaties and further developed by ECJ case-law. Furthermore, an EU-harmonised obligation for record-keeping and transmission of data to tax authorities will limit the administrative burden on payment service providers, as opposed to the burden of requiring these payment service providers to comply with diverging national approaches.

3.6. In this respect, as has been demonstrated by the impact assessment analysis, the harmonisation of reporting obligations in one single format for the transmission of information will reduce compliance costs for payment service providers, who will be able to cooperate in tackling VAT fraud with a reasonable and balanced impact on their daily operational activities.

3.7. The threshold of 25 payments per quarter, equal to around EUR 10 000 per year based on an average EU e-commerce transaction value of EUR 95, appears reasonable and proportionate, also considering that, usually, the amount of EUR 10 000 already gives rise to VAT obligations in the Member States. Moreover, such an amount matches the EUR 10 000 threshold for intra-EU supplies introduced by the VAT e-commerce directive. Therefore, the minimum amount of EUR 10 000 seems appropriate in order to strike a balance between the protection of purely private transactions — that have nothing to do with VAT fraud — and the objective of setting up a viable monitoring system to reduce fraud. The EU Commission should, however, monitor developments to ensure the thresholds are appropriate over time and initiate changes if required.

3.8. The EESC underlines that, from the consumer side, the proposal will imply new exchanges and the processing of VAT-related personal information, regulated by the General Data Protection Regulation (GDPR), which was recently approved and implemented across Europe with significant compliance costs for EU businesses.

3.9. The GDPR gives a broad definition of personal data, including any information on an identified or identifiable natural person who can be identified directly or indirectly. As a consequence, payment information covered by the Commission proposal falls under the scope and the principles applicable to the protection of personal data as laid down in the Charter of Fundamental Rights.

3.10. According to the Commission, 'only payment information that is necessary to fight e-commerce VAT fraud would be processed under the proposal [...]. The information that would be processed only refers to the recipients of funds (payees) and on the payment transaction itself (amount, currency, date), while information on the consumers paying for goods or services (payers) is not part of the exchange of information. Therefore, that information would not be used for other purposes, such as controlling purchase habits of the consumers [...]. Domestic payments would also be excluded from the scope of the initiative. Finally, the payment information would only be available to the Eurofisc liaison officials of the Member States and only for the time necessary to fight e-commerce VAT fraud'.

3.11. The EESC strongly underlines the importance of fully respecting the provisions of the GDPR and the need to limit the use of data to the sole — and strictly limited — objective of fighting VAT fraud in a manner that is cost-efficient and acceptable to the public at large. On this point, the EESC calls on the Commission — when collecting feedback from Member States which is due to be completed by the end of 2024 — to carefully check whether the provisions of the GDPR have been fully complied with and whether any cases of such provisions being infringed in Member States can be identified and corrected.

3.12. Finally, the EESC recommends that the Commission adapt investment in physical assets and IT in order to ensure a functional central repository system, noting that the estimated costs of the project — EUR 11,8 million to set it up and EUR 4,5 million to run it annually — could be easily and swiftly covered by the expected results in terms of reducing VAT fraud and the VAT Gap, since the total VAT loss relating to cross-border supplies of goods exceeds EUR 5 billion and the total value of online sales in 2017 amounted to around EUR 600 billion.

Brussels, 15 May 2019.

The President
of the European Economic and Social Committee
Luca JAHIER

Opinion of the European Economic and Social Committee on ‘Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — A sustainable bioeconomy for Europe: Strengthening the connection between economy, society and the environment’

(COM(2018) 673 final)

(2019/C 240/09)

Rapporteur: **Mindaugas MACIULEVIČIUS**

Co-rapporteur: **Udo HEMMERLING**

Referral	European Commission, 14.12.2018
Legal basis	Articles 29(1) and 304 of the Treaty on the Functioning of the European Union
Bureau decision	16.10.2018
Section responsible	Agriculture, Rural Development and the Environment
Adopted in section	25.4.2019
Adopted at plenary	15.5.2019
Plenary session No	543
Outcome of vote (for/against/abstentions)	203/1/4

1. Conclusions and recommendations

1.1. There is a **sense of global urgency**: global challenges like climate change and worldwide population growth are forcing us as a matter of urgency to find substitutes for fossil fuels and to use bio-resources more efficiently. Agriculture and the forest-based sector are major producers of biomass for uses other than food or feed and as such are important contributors to the bioeconomy. New value chains offer additional opportunities for activities in the rural economy to shift from a fossil fuel-based to a bio-based economy.

1.2. Against this backdrop, **better awareness of our consumption** of bio-resources must be given priority in line with the climate objectives of the Paris Agreement. Beyond achieving better understanding, bioeconomy activities need to **engage consumers** through regular advice and information, so as to facilitate the necessary changes and pave the way for introducing market creation measures to further boost consumers' trust and public procurers' uptake of EU-produced bio-based products.

1.3. There are **opportunities** for biodiversity, industry, economic development and jobs. The EESC welcomes the update of the 2012 Bioeconomy Strategy which is an important step in the right direction. There is a global demand for sustainable, resource-efficient bio-based products. However, in spite of the significant progress made in the new version, some of the measures included still need to be put into practice:

1.3.1. In addition to access to financial instruments, it is essential to **set up individual, flexible consulting or advisory services** to help agri-food SMEs to launch long-term, innovative projects. They often lack the necessary in-house expertise or knowledge for many reasons, including human, financial and infrastructure resources.

1.3.2. **Public-private cooperation** should give due attention to primary producers. This model could be supported by a range of measures and instruments under the **Common Agricultural Policy (CAP)**.

1.3.3. Incorporating **research, innovation and bioeconomy** activities into a long-term strategy will make it easier to support **development and replication**.

1.3.4. Continuing the **education and training** of workers and primary producers is crucial. It is important to facilitate **knowledge exchange**, provide support for transnational networks and keep pace with societal and technological change. Education, engagement and communication approaches which involve rural bioeconomy stakeholders are crucial.

1.3.5. It is essential to promote the **circular economy and inter-sectoral, territorial linkages** in the EU and beyond, notably with regard to meeting commitments under the Sustainable Development Goals and COP21 objectives.

1.3.6. All Member States should **mainstream a comprehensive bioeconomy strategy** into their policies and programmes and involve the competent local authorities and relevant stakeholders (primary producers, research and education providers, industry, civil society and social partners, etc.).

1.3.7. The EU should strive for a **global pricing system for carbon emissions**, which would be a neutral and effective way of promoting the bioeconomy and bringing all market players on board to mitigate climate change.

1.4. Respecting sustainability principles is essential for a 'new' bioeconomy, and natural resources have to be conserved in order to keep them productive. In this regard, the Bioeconomy must follow sustainability criteria. To avoid distortions to the disadvantage of the environment, economy and society, the same rules shall apply for biomass from the European Union and from abroad.

2. General comments

The bioeconomy encompasses the production of renewable biological resources and their conversion into food, feed, bio-based products and bioenergy. This includes agriculture, forestry, fisheries, food, pulp and paper production, as well as parts of the chemical, biotechnological and energy industries.

2.1. The 2012 EU Bioeconomy Strategy aimed '[...] to pave the way to a more innovative, resource-efficient and competitive society that reconciles food security with the sustainable use of renewable resources for industrial purposes, while ensuring environmental protection'. In 2017, the Commission carried out a review of its 2012 EU Bioeconomy Strategy, which concluded that the strategy has demonstrated the relevance of its objectives and that the importance of the opportunities offered by the bioeconomy is increasingly recognised in Europe and beyond. In October 2018, the Commission put forward an action plan to develop a sustainable and circular bioeconomy 'to improve and scale up the sustainable use of renewable resources to address global and local challenges such as climate change and sustainable development' ⁽¹⁾.

2.2. The global population is expected to grow to almost 10 billion by 2050 ⁽²⁾, and biological resources urgently need to be used more efficiently, so there can be safe, nutritious, high quality and affordable food for more people with less environmental and climate impact per unit produced, and sufficient renewable biological material to produce a sizeable part of what we currently harness from fossil crude oil, in conjunction with wind, solar and other renewable energies. A refocusing of the actions and an update of the bioeconomy strategy was therefore necessary in light of recent policy developments, including the United Nations Sustainable Development Goals (SDGs) ⁽³⁾ and Convention on Climate Change (COP21 commitments).

2.3. The Commission states, through the Updated Bioeconomy Strategy ⁽⁴⁾, that it will launch 14 measures in 2019, including:

- establish a EUR 100 million Circular Bioeconomy Thematic Investment Platform to bring bio-based innovations closer to the market and de-risk private investments in sustainable solutions; facilitate the development of new sustainable bio-refineries across Europe;
- develop a strategic deployment agenda for sustainable food and farming systems, forestry and bio-based products;
- set up an EU Bioeconomy Policy Support Facility for EU countries under Horizon 2020 to develop national and regional bioeconomy agendas;
- launch pilot actions for the development of bioeconomies in rural, coastal and urban areas, for example on waste management or carbon farming;
- implement an EU-wide monitoring system to track progress towards a sustainable and circular bioeconomy;

⁽¹⁾ https://ec.europa.eu/research/bioeconomy/pdf/ec_bioeconomy_strategy_2018.pdf

⁽²⁾ <https://www.un.org/development/desa/en/news/population/world-population-prospects-2017.html>

⁽³⁾ <https://sustainabledevelopment.un.org/?menu=1300>

⁽⁴⁾ <https://ec.europa.eu/research/bioeconomy/index.cfm?pg=policy&lib=strategy>

- enhance our knowledge base and understanding of specific bioeconomy areas by gathering data and ensuring better access to it through the Knowledge Centre for the Bioeconomy;

- provide guidance and promote good practices on how to operate in the bioeconomy within safe ecological limits.

2.4. The bioeconomy can provide options that can both help reduce CO₂ emissions and reduce reliance on imported fossil resources. For example, EU forests sequester an amount of carbon corresponding to 10 % of the EU's yearly emissions, while providing a sustainable and constant supply of biomass for renewable energy. Furthermore, estimates show that 100 000 chemicals currently in production can, in theory, be sourced from renewable raw materials. This does not mean all of them should be, but it is theoretically possible. This will not only offer the possibility of producing our everyday household items locally and renewably, it will also help create jobs, particularly in coastal and rural areas, and growth in Europe, where the technological edge still remains strong. According to industry estimates, one million new jobs could be created by 2030 in the bio-based industries.

2.5. However, major barriers remain on the path towards greater innovation within the EU bioeconomy. An important obstacle relates to product cost-competitiveness, both compared to fossil alternatives and to equivalent products from elsewhere in the world. Cost-competitiveness is affected by many factors, including technology readiness level, labour costs, fossil fuel subsidies and amortisation, as well as the low level of market support for bio-based products. This competitiveness issue is compounded by difficulties in accessing finance for innovative projects and production facilities and, often, ongoing low end-user awareness of bio-based products, as well as by a lack of skills and operational relationships to drive the sector forward. Moreover, permit procedures for new bio-based projects are becoming lengthy and burdensome, leading to significant legal uncertainties and financial risks for economic actors.

3. Specific comments

The EESC welcomes the communication updating the 2012 bioeconomy strategy. A long-term, consistent and efficient policy to promote the bioeconomy is needed. However, the connection between this overarching bioeconomy strategy and other existing policy instruments is still not automatic. The key to effective policy making on the bioeconomy is therefore still to identify synergies between policy areas in a way that takes account of the objectives of viable food production, sustainable management of natural resources, balanced territorial development in rural areas, and secure, decent livelihoods.

3.1. While the update aims to harness EU investments and puts a significant emphasis on strengthening and scaling up the bio-based sectors, through unlocking investments and markets, there is still a gap (beyond R & D) when it comes to helping bioeconomy companies with fundraising, go-to-market strategy, organisation development and product maturation. Early-stage growth investors at national and regional levels with tailored advice for micro and small scale industries and start-ups are as necessary as the mobilisation of EU investments for big projects. A comprehensive funding approach in order to commercialise new products is required.

3.2. The update also highlights the fact that synergies between the public and private sector can make the best use of different sources of investments. In this context, the Bio-based Industries Joint Undertaking is proving crucial in supporting the development of European industrial bio-based infrastructure and value chains centred around the use of renewable resources – including waste.

3.3. However, not enough focus is placed on the private sector, and in particular primary producers, i.e. farmers, forest owners and their cooperatives, which have a significant role to play in the development of a sustainable bioeconomy; SMEs, which are a major part of the agri-food chain, must also be given due attention. In this context, the CAP could become an interesting tool to help farmers, forest owners and their cooperatives to invest more in their production and make it more sustainable.

3.4. Against this backdrop, creating favourable market conditions is critical and goes hand in hand with the level of trust consumers have in the information they are provided with about the products they are considering purchasing. There is merit in considering information standards, and an important first step has been the establishment of clear EU-wide standards for bio-based products in order to better protect the credibility of industry-agreed standards, and at the same time avoid consumer confusion and give confidence to industrial customers and public procurers. Much more remains to be done to help consumers to make an informed choice through smart communication strategies.

3.5. The updated strategy also reinforces the idea of 'upscaling', but it misses the notion of 'replication'. The research is there and long-term innovation and bioeconomy strategies must go hand in hand. Basic and applied research should be well synchronised and contribute to common strategic objectives. Attention should also be paid to the development, access and maintenance of high quality research and innovation infrastructure or clusters. For example, the establishment of world-class centres for applied research in full scale bioprocess manufacturing, creating innovative and sustainable solutions, could help small and medium-sized enterprises (SMEs) to tap a full range of knowledge. The knowledge transfer would be helped by demonstrations and examples. The demonstrations would give the SMEs a comprehensive picture of the technologies available in that particular field of the bioeconomy.

3.6. Rural areas are going through a period of profound economic, demographic and institutional transformation in the EU. Therefore, due attention also needs to be directed towards infrastructure and logistical improvement to foster existing and novel biomass supply chains, while optimising the sustainable management of natural resources and the creation of jobs and added value in rural areas.

3.7. There can never be too much emphasis on the reality that the introduction of technologically advanced machinery in the bioeconomy requires improved operating and maintenance skills, including further information and computer technology (ICT) skills, new health and safety training programmes, as well as a better understanding of and attention to environment conservation aspects. Ensuring the continued development and adaption of individuals' skills over their lifetimes is of the utmost importance, as is tackling skills gaps in this emerging bioeconomy sector. Peer-to-peer exchanges, joint activities of researchers, innovation support services, farmers, foresters, their cooperatives and other private actors have not been put forward in the updated strategy but would be crucial to facilitate knowledge exchange.

3.8. We cannot meet the UN Sustainable Development Goals and mitigate climate change ⁽⁵⁾ without upgrading residues, side-streams and waste and promoting the circular economy. Collaboration across sectors (food, non-food systems and rural territories) and continents is imperative here. Further attention needs to be given to territorial and local linkages (urban-rural, rural-rural, land-sea) and their contribution to sustainable bioeconomy value chains and clusters in rural areas. Developing these linkages in Central and Eastern Europe would be key to helping these countries frame their strategic development goals for better biomass processing. The Central and Eastern European region is rich in biomass due to its extensive activities in the fields of agriculture, forestry and fishery, with high but unused or under-utilised biomass capacity in terms of food, feed, industrial raw material, biofuel and energy utilisation. Furthermore, the updated strategy has not sufficiently advanced the idea that international cooperation to pool existing expertise and capacities in the most effective way and reinforce synergies with Member States and non-EU research programmes is necessary. International partnerships are particularly important for testing and replicating solutions.

3.9. Lastly, in implementing the objectives set by the Paris Agreement, maximum use should be made of market mechanisms. A global pricing system for carbon emissions would be a neutral and effective way of bringing all market players on board. The EESC encourages the Commission to actively explore different routes and steps and to engage with other countries on moving towards global carbon pricing. An efficient and fair global carbon-pricing system would level the playing field for export businesses in world markets and thus decrease the risk of investment and job leakage. In addition, it would eliminate the competitive advantage of imported goods that are cheaper due to lower climate requirements.

Brussels, 15 May 2019.

The President
of the European Economic and Social Committee
Luca JAHIER

⁽⁵⁾ OJ C 440, 6.12.2018, p. 45.

Opinion of the European Economic and Social Committee on 'Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2015/757 in order to take appropriate account of the global data collection system for ship fuel oil consumption data'

(COM(2019) 38 final — 2019/0017(COD))

(2019/C 240/10)

Rapporteur: **Constantine CATSAMBIS**

Referral	11.2.2019, European Parliament 13.2.2019, Council
Legal basis	Articles 192(1) and 304 of the Treaty on the Functioning of the European Union
Bureau decision	19.2.2019
Section responsible	Agriculture, Rural development and the Environment
Adopted in section	25.4.2019
Adopted at plenary	15.5.2019
Plenary session No	543
Outcome of vote (for/against/abstentions)	204/0/2

1. Conclusions and recommendations

1.1. This opinion refers to the proposal by the European Commission to amend Regulation (EU) 2015/757 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport ⁽¹⁾ (the 'EU MRV Regulation'). In this respect, reference is made to the 2013 opinion by rapporteur Stefan Back, NAT/616 for maritime transport emissions, concerning the proposed amendments for the 2015 MRV Regulation, which contains many important proposals, including Article 22 of the 2015 Regulation that was adopted by the Commission, according to which the Commission will, in the event of an international agreement on a global monitoring, reporting and verification system, review the EU MRV Regulation and, if appropriate, propose amendments in order to ensure alignment with that international agreement.

1.2. In fact, in 2016, the United Nations International Maritime Organization (IMO) Marine Environment Protection Committee (MEPC) adopted amendments to the MARPOL Convention establishing the legal framework for a global data collection system for fuel oil consumption of ships ('global UN IMO DCS'), according to which monitoring obligations began in January 2019.

1.3. The Commission stressed that a partial alignment of the two monitoring, reporting and verification systems could contribute to reducing the administrative burden for shipping companies and administrations, while preserving the key objectives of the EU MRV Regulation. To this effect, the Commission has proposed the limited alignment of the EU MRV Regulation to the global UN IMO DCS in relation to definitions, monitoring parameters, monitoring plans and templates.

1.4. The proposed changes to the EU MRV Regulation are as follows:

1.4.1. The reporting obligations in case of changes of company must take into account the parallel provisions of the global UN IMO DCS. This will ensure that the same legal entities monitor and report according to similarly calculated reporting periods.

1.4.2. The parameter 'cargo carried' is kept as a voluntary monitoring parameter for those companies willing to provide a calculation of their ships' average energy efficiency based on cargo carried.

1.4.3. The current parameter 'time at sea' is replaced by the global UN IMO DCS definition of 'hours underway'.

1.4.4. The calculation of 'distance travelled' should take as a basis the options retained under relevant UN IMO DCS guidelines.

⁽¹⁾ Regulation (EU) 2015/757 of the European Parliament and the Council of 29 April 2015 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport and amending Directive 2009/16/EC (OJ L 123, 19.5.2015, p. 55).

1.4.5. The minimum content of monitoring plans should be streamlined so as to take into consideration the UN IMO 'Guidelines for the development of a Ship Energy Efficiency Management Plan (SEEMP)' except for those provisions which are necessary to ensure that only EU-related data are monitored and reported under the EU MRV Regulation.

1.4.6. Ships' CO₂ emissions within EU ports are also to be monitored and reported separately, so as to incentivise the use of available measures for reduction of CO₂ emissions within EU ports and to raise further awareness of shipping emissions.

1.4.7. Current EU MRV provisions on verification of data by accredited third parties are to be kept so as to preserve the EU objective of providing robust information that is comparable over time for further decision making at the EU or at the global level.

1.5. The remaining important issues with regard to achieving complete alignment with IMO DCS guidelines mainly concern verification authorities and modalities, monitoring items, and publication of sensitive commercial data. The aim of a complete alignment exercise of the EU MRV Regulation with the UN IMO DCS is to have global regulatory uniformity in order to minimise the additional burden that has a large impact, in particular on small and medium-sized shipping companies, and avoid any dual reporting requirements under two different systems.

2. General comments

2.1. In the 2013 opinion ⁽²⁾, the EESC questioned the need for and the added value of the operational information and data that go beyond the scope of fuel consumption and emissions, which is to be monitored and reported under the EU MRV Regulation and, in particular, the need for information, as set out in Articles 9(d)-(g) concerning the monitoring of parameters on a per-voyage basis and Article 10(g)-(j) concerning the monitoring of parameters on an annual basis, as well as Annex II concerning the monitoring of other (relevant) information, as this information is commercially sensitive, and as questions may arise regarding the value of the availability of this information in an aggregated form.

2.2. In general, with the current proposed changes to the EU MRV Regulation, the Commission keeps its stance with regard to the publication of the collected data from individual ships. The proposed changes are technical adjustments representing technical corrections at the level of parameterisation. As such, they do not represent a complete alignment of the EU MRV Regulation with the UN IMO DCS, as requested by the UN IMO and the shipping industry in their public interventions, and important issues remain open. These mainly concern verification authorities and modalities, monitoring items, and publication of sensitive commercial data.

2.3. In its assessment for the proposed amendments, the Commission should take into consideration the fact that the global shipping industry is fully committed to reducing CO₂ emissions by at least 40 % by 2030, pursuing efforts towards 70 % by 2050, compared to 2008, and to reduce GHG emissions by at least 50 % by 2050, compared to 2008, in conformity with the Paris Agreement goals. The UN IMO adopted an Initial Strategy in April 2018, due to be revised in 2023, which provides the framework for the development and adoption of concrete short-term CO₂ reduction measures as well as candidate mid- to long-term measures for achieving appropriately reduced emissions within agreed timelines and implementation schedules, consistent with the UN IMO-agreed roadmap for decarbonisation from now until 2050.

2.4. Given the number and content of submitted proposals by Member States and industry for consideration at the forthcoming UN IMO deliberations, all stakeholders seem to be working hard to regulate energy efficiency of the world merchant fleet in a concrete timeframe with precise information and data provided by the UN IMO DCS regarding CO₂ emissions from ships.

2.5. The EESC considers that the proposed partial alignment will lead to burdensome and ineffective double monitoring and reporting requirements, since reporting obligations remain under two different systems: a regional (European) and a global (UN IMO) one. As a result, ships will have to fulfil monitoring and reporting requirements under both the EU MRV Regulation and the global UN IMO DCS. The EU and UN IMO reporting templates are different, which increases the workload, administrative burden and costs for ships' crews and maritime transport.

2.6. The complete alignment of the EU MRV Regulation with the UN IMO DCS would not only serve the purpose of creating an internationally unified reliable data base for ships' CO₂ emissions, but would also be in line with the better regulation agenda of the European Commission, which aims for targeted regulation in order to achieve its objectives and bring benefits to the European economy at minimum cost. It will also ensure an international level playing field for the European fleet. The aim of a complete alignment exercise of the EU MRV Regulation with the UN IMO DCS is to have global regulatory uniformity in order to minimise the additional burden that has a large impact, in particular on small and medium-sized shipping companies, and avoid any dual reporting requirements under two different systems.

⁽²⁾ EESC opinion on Maritime Transport Emissions (OJ C 67, 6.3.2014, p. 170).

2.7. The EU MRV Regulation requires the Commission to publish the data received along with company and individual ship identifiers, so that it can be used by third parties. The purpose of the UN IMO regime is simply to establish the total CO₂ emissions of the international shipping sector in order to facilitate further policy decisions and consideration of additional GHG reduction measures. However, the Commission wishes to publish detailed (and commercially sensitive) data about individual ships visiting EU/EEA ports, which may be misused. This could result in the unfair penalisation of ships, and could also distort competition and bring major competitive disadvantages for EU shipowners in the global shipping market and for ships calling at EU ports.

2.8. It would be desirable to use the existing UN IMO mechanisms of the Flag State Administrations for enforcement and implementation, under a single and functional global fuel consumption data collection system. Under the UN IMO system, the information from ships submitted to the UN IMO via the flag state is anonymous to third parties.

3. Specific comments

3.1. The following technical points regarding the proposal should be noted. Under Article 21(f), the annual average fuel consumption and CO₂ emissions per distance travelled and cargo carried on voyages still have to be made publicly available by the European Commission. This seems to be in conflict with the new amended provision of the proposal in Article 9(1)(f) (new) stating that any monitoring (on a per voyage basis) of cargo carried shall be voluntary, as the proposed change to the cargo carried is only a voluntary monitoring item and as such is not aligned with the UN IMO DCS. In addition, despite the fact that the definition of Dead Weight Tonnage (DWT) of the ship has been included in Article 3(p) and Article 11(3)(a)(xi) of the proposal, it seems this metric is not integrated consistently throughout all articles of the proposal, and might be interpreted as a lack of trust on the part of the Commission in the efficiency of the UN IMO DCS.

3.2. The modifications in Article 11(2) and Article 3(d) of the proposal on the change of company are welcome since they now introduce the liability of the former owner, which was much needed for cases where a change of company has taken place within a reporting period. The definitions of 'company' and 'reporting period' and also the attribution of monitoring and reporting obligations in case of 'changes of company' are now more aligned with the UN IMO DCS parallel provisions. Nonetheless, the newly introduced description seems not to be precise enough to regulate the relation between an 'old' and 'new' company. In order to have maximum legal clarity, the new owner could be legally liable from the day when the completion of the change takes effect. The proposed Article 11(2) (new) could be amended as follows:

'2. Where there is a change of company, the previous company shall submit to the Commission and to the authorities of the flag state concerned, as close as practical to the day of the completion of the change and no later than three months thereafter, a report covering the same elements as the emissions report but limited to the period corresponding to the activities carried out under its responsibility. The new company shall ensure that each ship complies with the requirements of this Regulation from the day of the completion of the change.'

Brussels, 15 May 2019.

The President
of the European Economic and Social Committee
Luca JAHIER

Opinion of the European Economic and Social Committee on ‘Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions: The Single Market in a changing world — A unique asset in need of renewed political commitment’

(COM(2018) 772 final)

(2019/C 240/11)

Rapporteur: **Gonçalo LOBO XAVIER**

Co-rapporteur: **Juan MENDOZA CASTRO**

Referral	Commission, 18.2.2019
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Plenary session No	543
Outcome of vote (for/against/abstentions)	153/1/1

1. Conclusions and recommendations

1.1. The EESC welcomes the Commission's strong message on reinforcing the Single Market and the need for commitment from all Member States and citizens. The Single Market requires a balance between peoples' expectations and coordinated policies to adapt Europe to the different challenges imposed by globalisation, new trends and technological progress.

1.2. The EESC calls for a Single Market that is the same for all EU countries, and which must be perceived as an opportunity to reassert European values, fundamental rights and duties in order to achieve progress and welfare for all Member States and citizens.

1.3. A smooth but concrete integration process is a huge reason to avoid and combat the menace of protectionism, individualism and extremist societies. The fundamental achievements of the Single Market must be better communicated among citizens and Member States.

1.4. There are good examples of how European citizens benefit from the Single Market, based on the efforts and commitment of different actors. Values like liberty, economic growth, democracy, peace, science and innovation, political stability, consumers and social rights must be present in citizens' mindset as a result of a process that started 60 years ago. The difficulties in achieving these values cannot be forgotten but should become lessons learned for the future.

1.5. The EESC reiterates its support for limiting state aid and fighting against abuse of dominant positions, emphasising the difficulties that European companies have competing on global markets with oligopolies or monopolies, which are state-owned in certain cases.

1.6. The EESC also highlights the crucial role of the Single Market as a tool to boost a more ambitious European industrial strategy with clear objectives for 2030. More inclusive and broad Single Market integration on the margins of a truly European industrial strategy should also be a top priority for the next European Commission with focus on more investment in innovation and technologies, a more flexible and user-friendly regulatory framework to compete on a global scale but without forgetting respect for the rules and sustainable procedures of healthy global competition.

1.7. The EESC reiterates its call to develop the social dimension of the European Union with the aim of fostering quality job creation, improving skills and competences, increasing social investments and developing the social economy, with the emphasis on socially responsible companies, as well as preventing poverty, inequalities, discrimination and social exclusion, with special emphasis on the inclusion of young people in society. The EESC considers it appropriate that social policies be implemented to deal with this situation, which causes disaffection towards the EU, increased populism and the proliferation of xenophobia in sectors of the population.

1.8. The EESC notes that in spite of a huge effort regarding the implementation and the application of Single Market rules, facts show ⁽¹⁾ that national measures may lead to disproportionate burdens on citizens and businesses. For the EESC, it is a priority to call on the Member States to avoid these practices.

1.9. The EESC has supported the digital economy over years, aware that the future of the Single Market is linked to it. The EESC agrees with the Commission that General Data Protection Regulation (GDPR) ⁽²⁾ is essential to ensure trust in the Single Market for personal data but additional measures for a better, clear and user-friendly framework must be taken to avoid unnecessary burdens and misunderstandings. This is also critical to increasing mobility for a better services sector that is growing and with a major significance for economic growth and new jobs. A growing services sector and an increasing shortage of competence require a better functioning Single Market.

1.10. The EESC endorses the objective of establishing an enabling framework for the transition towards a circular model and reiterates that a sound system for financing sustainable growth, with a long-term approach, is the key driver for restoring trust in the markets and connecting savings to sustainable investments.

1.11. The EESC welcomes the clear progress in transforming the European Stability Mechanism (ESM) into a European Monetary Fund, which could offer liquidity in a precautionary manner, thus reducing conditionality programmes. However, to tackle future dangers in the financial system the EESC supports the search for consensus among the Member States on the completion of the Banking Union. The delivery of fully integrated financial markets and the Capital Markets Union should also remain high on the agenda.

2. Background

2.1. With the Single Market Strategy ⁽³⁾, the Capital Markets Union ⁽⁴⁾ and the Digital Single Market Strategy ⁽⁵⁾, the Commission has put forward an ambitious and balanced set of measures over the last four years to deepen the Single Market further and make it fairer.

2.2. Several proposals have already been adopted, but the European Parliament and the Council still have to agree on 20 out of the 67 proposals set out in these strategies.

2.3. In March 2018, the European Council asked the Commission to assess the state of play of the Single Market regarding the implementation, application and enforcement of existing legislation, as well as the remaining barriers and opportunities for a fully functioning Single Market.

2.4. This Communication is adopted in conjunction with the Annual Growth Survey ⁽⁶⁾ and a Communication taking stock of the Investment Plan ⁽⁷⁾.

2.5. In the context of the Digital Single Market Strategy, the Commission has put forward a number of initiatives to tackle the biggest barriers to e-commerce. Several of these have already been adopted on Geo-blocking ⁽⁸⁾, Cross-border parcel delivery services ⁽⁹⁾, Value Added Tax for e-commerce ⁽¹⁰⁾ and Consumer Protection Cooperation ⁽¹¹⁾.

2.6. Online platforms have become prominent players in the Single Market, enabling more than one million businesses to reach customers across the Union. The Commission put forward a proposal on new harmonised rules for 'Platforms to businesses' practices ⁽¹²⁾ which was agreed at political level by the EP and the Council in February 2019.

⁽¹⁾ COM(2018) 772 final, Chapter 2.1.

⁽²⁾ OJ L 119, 4.5.2016, p. 1.

⁽³⁾ COM(2015) 550 final, OJ C 177, 18.5.2016, p. 1.

⁽⁴⁾ COM(2015) 468 final, OJ C 133, 14.4.2016, p. 17.

⁽⁵⁾ COM(2015) 192 final, OJ C 71, 24.2.2016, p. 65.

⁽⁶⁾ COM(2018) 770 final.

⁽⁷⁾ COM(2018) 771 final.

⁽⁸⁾ Regulation (EU) 2018/302.

⁽⁹⁾ Regulation (EU) 2018/644.

⁽¹⁰⁾ Directive (EU) 2017/2455.

⁽¹¹⁾ Regulation (EU) 2017/2394.

⁽¹²⁾ COM(2018) 238 final.

3. General comments

3.1. The EESC supports Commission's strong message on reinforcing the Single Market, which is a major achievement and a key element of the European integration process. It should represent a cornerstone of prosperity in Europe.

3.2. The introduction of the euro and the Schengen agreement were critical junctures on the path towards completing the Single Market. At the same time there are still a lot of differences between Member States that need to be addressed. A strong commitment is needed from all Member States to change this situation and keep them together.

3.3. The Single Market requires a balance between peoples' expectations and coordinated policies to fulfil the permanent need to adapt Europe to the different challenges imposed by globalisation, new trends, technological progress and digitalisation.

3.4. The Single Market — offering access to more than 512 million consumers — is a clear success: regulatory obstacles have been removed for over 80 % of industrial products through the adoption of common rules, but this process cannot be taken for granted. The differences between Member States' commitment and the need to better implement the related legislation must be a political priority. The Single Market must also cover online retailers.

3.5. The Commission's admission that there is a need to agree on legislative proposals and to close the gap between rhetoric and delivery is a good sign. Member States need to realise this as an 'every day process'.

3.6. The complete integration of the Single Market will never be accomplished unless Member States realise the proper value of the process and communicate about it with their citizens. The achievements must be highlighted by the political leaders with a positive message for peoples' welfare.

3.7. The European project is based on peace, prosperity and social development. The costs of 'no Europe' must be present as reminder to those having doubts. European citizens must value the achievements to take an active role in the process avoiding misunderstandings and radicalism. The Single Market process has been contributing to Europe's development and could be used as a good example to promote European values.

3.8. There can be no Single Market if 'dual' quality products are being sold within that market – in other words if products supplied under the same brand name are of a different quality (with fewer high-quality ingredients) when supplied to new EU countries compared with products sold in the old EU countries. The EESC considers this practice to be unacceptable.

4. Specific comments

4.1. *The Single Market as a communication tool for European values and achievements*

4.1.1. The EESC believes that a common language must be used to better communicate the Single Market's achievements. Facts should be valorised such as citizens' mobility for leisure and labour reasons, financial services or even, social aspects regarding security and labour opportunities or consumer protection.

4.1.2. The EESC considers that there is a narrative among a few undermining the European development process. That narrative is supported by exposing the differences between Member States and single facts that do not translate the complete reality of the Single Market. It is crucial to avoid and combat this kind of speech among the citizens, simply as integration policy is very dynamic and runs with different paces. The overall result must be highlighted and the need to avoid inequalities at different levels (economic, social, educational, etc.) must be a priority.

4.2. *More opportunities and benefits for citizens*

4.2.1. EU competition policy and EU consumer policy have played an important role in the development of the Single Market. For consumers to reap its benefits, the Single Market should work effectively and consumers must be able to trust goods and services, both online and offline and whether provided locally or by another Member State. The Member States must ensure that businesses comply with competition and consumer protection rules and that there is no discrimination against competitors to the detriment of consumers' welfare.

4.2.2. The EU Competition Policy — which has worldwide prestige — has played an important role in the development of the Single Market. As the EESC has stressed over the years, the limitation of state aid and the fight against abuses of dominant positions have led to the dynamism of the EU market and benefited consumers and businesses.

4.2.3. In terms of competition rules, online retailers must also comply with the Single Market, and the position of international companies has to be determined.

4.3. *Benefits for businesses*

4.3.1. The Single Market offers entrepreneurs a rule-based, open, multilateral trading system, ensuring access to international value chains.

4.3.2. The aim of the Capital Markets Union is to mobilise capital in Europe and channel it to all companies, infrastructure and sustainable, long-term projects, with positive employment effects ⁽¹³⁾.

4.3.3. However, there is a long way to go: European companies rely far more heavily on bank lending than US companies.

4.3.4. The scale of the Single Market means that the Union is in a position to shape the rules-based, open and multilateral trading system. Businesses from third countries need to comply with Union legislation to access the Single Market, including in the fields of health, environment, food and product safety, and consumer protection.

4.3.5. The EESC emphasises the difficulties that European companies have when competing in global markets with oligopolies or monopolies, which are state-owned in certain cases. Examples of this are the railway industry, air transport, windmill towers and others, where European companies face ferocious competition (from third-country companies, notably China).

4.4. *The social dimension*

4.4.1. The EESC has already called on the Commission to develop the social dimension of the EU with the aim of fostering quality job creation, improving skills and competences, increasing social investments and developing the social economy, as well as preventing poverty, inequalities, discrimination and social exclusion, with special emphasis on the inclusion of young people in society.

4.4.2. There is somehow a perception that employees have been the big losers of the economic crisis, which has resulted in increased unemployment and poverty, stagnation or a fall in real wages and cuts in social benefits. The EESC considers it appropriate that social policies be implemented to deal with this situation, which causes disaffection towards the EU, increased populism and the proliferation of xenophobia in sectors of the population. While the consequences of that crisis are far from over, research by the European Trade Union Institute (ETUI) ⁽¹⁴⁾, says that workers in nine Member States earned less in 2017 than in 2010. The EESC recalls that in six EU-Member States there are no mandatory minimum wages, while in others they are very low ⁽¹⁵⁾.

4.4.3. The EESC welcomes the progress on the adaptation of the European Accessibility Act to promote the rights of people with disabilities and encourages Member States to be ambitious and balanced in the transposition phase. The EESC also calls on the next Commission to put forward a European Action Plan for the social economy sector, which provides a level playing field for social economy enterprises and fosters the development of the sector.

4.5. *Implementing and applying Single Market rules more efficiently*

4.5.1. The EESC notes that in spite of a huge effort regarding the implementation of Single Market directives, facts show ⁽¹⁶⁾ that national measures may lead to disproportionate burdens on citizens and businesses ⁽¹⁷⁾. This is something that must be especially addressed by the Member States and new tools to avoid this must be a priority.

4.5.2. The EESC highlights that recent signals related to the implementation of EU legislation 'have not always been encouraging', which requires more commitment from Member States.

⁽¹³⁾ OJ C 81, 2.3.2018, p. 117.

⁽¹⁴⁾ Benchmarking Working Europe 2018.

⁽¹⁵⁾ European Foundation for the Improvement of Living and Working Conditions.

⁽¹⁶⁾ COM(2018) 772 final, Chapter 2.1.

⁽¹⁷⁾ See the French initiative <https://ue.delegfrance.org/suppression-de-sur-transpositions>

4.6. Exploiting the full potential of the Single Market

4.6.1. The digital single market and services economy

4.6.1.1. The EESC has supported the digital economy over the years, aware that the future of the Single Market is linked to it ⁽¹⁸⁾.

4.6.1.2. For that reason, the EESC warmly welcomes the political agreement ⁽¹⁹⁾ on the first-ever Digital Europe programme 2021-2027 ⁽²⁰⁾ with an overall budget of EUR 9,2 billion to shape and support the digital transformation of Europe's societies and economies, ensuring the wide use and deployment of digital technologies across the economy and society, in order to strengthen European industrial technological leadership.

4.6.1.3. As the services sector increasingly contributes to the global EU economy ⁽²¹⁾ and job creation in the EU, it is more necessary than ever to fully exploit the potential of this sector, particularly since the estimated gain of this sector is considerable ⁽²²⁾.

4.6.2. European data economy

4.6.2.1. The main issue for the Single Market is to build a Europe-based data eco-system as an indispensable vector of economic and social progress, as well as robust competitiveness in a world that is in the process of radical transformation with strong competitors in the US and Asia. In order to foster connectivity and storage opportunities, public-private investment in infrastructure is greatly needed across the continent ⁽²³⁾.

4.6.2.2. The EESC agrees with the Commission that GDPR ⁽²⁴⁾ is essential to ensuring trust in the Single Market for personal data ⁽²⁵⁾, but the proposed Regulation on Privacy and Electronic Communications ⁽²⁶⁾ must be clarified so as to ensure the application of the Charter of Fundamental Rights and human rights (Articles 5, 8 and 11), as well as the possibilities for restriction introduced by national legislation ⁽²⁷⁾.

4.6.3. Circular economy and sustainable finance

4.6.3.1. The Committee endorses the objective of establishing an enabling framework for the transition towards a **circular model** covering the entire lifecycle of products ⁽²⁸⁾.

4.6.3.2. A sound system for financing **sustainable growth**, with a long-term approach, is an important driver for restoring trust in the markets and connecting savings to sustainable investments. The EU Action Plan ⁽²⁹⁾ on this issue must promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all (Sustainable Development Goal 8) ⁽³⁰⁾.

⁽¹⁸⁾ OJ C 71, 24.2.2016, p. 65; OJ C 440, 6.12.2018, p. 57; OJ C 75, 10.3.2017, p. 119; OJ C 125, 21.4.2017, p. 51; OJ C 288, 31.8.2017, p. 1; OJ C 81, 2.3.2018, p. 102.

⁽¹⁹⁾ IP/19/528.

⁽²⁰⁾ COM(2018) 434 final, OJ C 62, 15.2.2019, p. 292.

⁽²¹⁾ The services sector is currently the most important sector in the EU, making up approximately 75 % of EU GDP.

⁽²²⁾ See COM(2018) 772 final: Commission communication on *The single market in a changing world*, point 3.4.

⁽²³⁾ OJ C 345, 13.10.2017, p. 130.

⁽²⁴⁾ OJ L 119, 4.5.2016, p. 1.

⁽²⁵⁾ OJ C 229, 31.7.2012, p. 90.

⁽²⁶⁾ COM(2017) 010 final.

⁽²⁷⁾ OJ C 345, 13.10.2017, p.138.

⁽²⁸⁾ OJ C 230, 14.7.2015, p. 91.

⁽²⁹⁾ COM(2018) 97 final; OJ C 62, 15.2.2019, p. 73; OJ C 62, 15.2.2019, p. 103; OJ C 62, 15.2.2019, p. 97.

⁽³⁰⁾ OJ C 62, 15.2.2019, p. 73.

4.6.4. Products and services markets

4.6.4.1. The standardisation model places the EU as a world leader. The EESC highlights the work of the Commission in this area. The uniformity and consistency of the body of European standards is ensured through the underlying principle of 'one standard, one test — accepted throughout Europe'. This provides businesses with investment, as well as legal and financial security ⁽³¹⁾.

4.6.4.2. The 'Clean Energy for all Europeans' package aims to accelerate, transform and consolidate the EU economy's clean energy transition, while retaining the important goals of economic growth and job creation ⁽³²⁾.

4.6.4.3. After the Fourth Rail Package (2013) ⁽³³⁾, the Sixth Rail Market Monitoring Report (RMMS) ⁽³⁴⁾, shows that the total length of the EU rail network has increased.

4.6.4.4. '5G for Europe: an Action Plan' ⁽³⁵⁾ addresses one of the most critical elements of digital economy and society; commercial services will be provided in 2020. In the EESC's view, the key factors will be the success of projects rolled out during the research phase of the 5G-PPP and integrating fronthaul and backhaul networks when transmitting data through high-capacity switches, heterogeneous transmission links and cloud-processing units using several internet providers ⁽³⁶⁾.

4.6.5. More integrated capital markets and a fully-fledged Banking Union

4.6.5.1. After the measures adopted as a result of the financial crisis, European banks are now in a better position to face future turbulence. The EESC welcomes the clear progress in transforming the ESM into a European Monetary Fund, which could offer liquidity in a precautionary manner, thus reducing conditionality programmes.

However, to tackle future dangers in the financial system the EESC supports the search for consensus among the Member States on establishing a strong Banking Union, focused on measures that can bring more confidence to citizens and companies.

4.6.6. Reducing administrative burden and facilitating tax compliance

4.6.6.1. Modern company law rules in the EU are vital for the Single Market. In that sense the Package on European Company Law constitutes a comprehensive approach, aiming to balance and protect the legitimate interests and needs of all stakeholders, SMEs, minority shareholders, creditors and employees ⁽³⁷⁾.

4.6.6.2. The exigence of unanimity in the Council makes the adoption of common rules in certain aspects of taxation more difficult, especially in relation to the Common (Consolidated) Corporate Tax Base, the (CCCTB) and a single EU Value Added Tax (VAT). The EESC also endorses the VAT reform package ⁽³⁸⁾.

4.6.7. Sustainable mobility

4.6.7.1. Four out of every ten European drivers surveyed ⁽³⁹⁾ said that they expect that the next car they buy will be electric. Clean car standards and electric vehicle (EV) incentives will help Europe's automakers remain competitive in the rapidly electrifying global market.

4.6.7.2. The EESC welcomes the European Battery Alliance as a good example of a strategic value chain in Europe. However, much more effort is necessary because European brands largely lag behind Asian and US manufacturers in the race to deliver mass-market plug-in vehicles.

⁽³¹⁾ OJ C 197, 8.6.2018, p. 17.

⁽³²⁾ OJ C 246, 28.7.2017, p. 64.

⁽³³⁾ OJ C 327, 12.11.2013, p. 122.

⁽³⁴⁾ COM(2019) 51 final.

⁽³⁵⁾ COM(2016) 588 final.

⁽³⁶⁾ OJ C 125, 21.4.2017, p. 74.

⁽³⁷⁾ OJ C 62, 15.2.2019, p. 24.

⁽³⁸⁾ OJ C 237, 6.7.2018, p. 40.

⁽³⁹⁾ <https://www.euractiv.com/section/electric-cars/opinion/dont-let-european-automakers-lose-the-race-to-electrification>

4.7. *The way forward*

4.7.1. The European Semester process has to be used as one of the tools to move more efficiently and swiftly towards a better Single Market where appropriate.

4.7.2. Member States can profit from a more inclusive dialogue based on civil society's expectations. The European Semester is part of this dialogue and the ability of Member States to benefit from 'country specific recommendations' that can improve — not impose — national reforms seems to be a crucial step in achieving success and involving society.

4.7.3. The efforts to support the Single Market's achievements must be present in all Member States' policies and commitments, with citizens' participation and societies' engagement. It is crucial to ensure that effective communication between citizens and 'the European project based on the Single Market' are Member States' priorities. By doing this, European leaders will contribute to avoiding extremism and radical action against a Single Market.

4.7.4. The EESC welcomes the Commission's calls and invitations to the European Council, especially the one to ensure that the Council works swiftly with the European Parliament to adopt as soon as possible the legislative initiatives under the Single Market Strategy, the Digital Single Market and the Capital Markets Union and Banking Union ⁽⁴⁰⁾.

Brussels, 15 May 2019.

The President
of the European Economic and Social Committee
Luca JAHIER

⁽⁴⁰⁾ COM(2018) 772 final.

Opinion of the European Economic and Social Committee on ‘Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions — Coordinated Plan on Artificial Intelligence’

(COM(2018) 795 final)

(2019/C 240/12)

Rapporteur: **Tellervo KYLÄ-HARAKKA-RUONALA**

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1. Conclusions and recommendations

1.1. The EESC welcomes the coordinated plan on Artificial Intelligence (AI) and calls for urgency in its implementation, considering the rapid progress in developing and introducing AI outside the EU. To succeed in global competition, the EU must be at the forefront in innovation and investment, following the principle of ‘human in command’ and trustworthiness of AI.

1.2. The EESC stresses that the development and uptake of AI must be inclusive as regards civil society actors, including enterprises, workers and consumers. The implementation of the AI strategy should thus focus due attention on how to make maximum use of the opportunities provided by AI for the whole of society.

1.3. The EESC endorses the initiatives to allocate more funding to AI-related innovation, infrastructure, education and training via EU financing instruments. The Committee also urges the Member States to take the necessary steps towards the common objectives.

1.4. To enhance the development and uptake of AI by the private sector, the EESC calls for a favourable business environment including an enabling and stable policy and regulatory framework that stimulates AI innovation and investment, considering the special needs of SMEs, start-ups and scale-ups.

1.5. The EESC finds it crucial to ensure the quality, availability, accessibility, interoperability and smooth flow of data in the single market, while securing data protection and privacy. The Committee urges the facilitation of access to public data and calls for supportive conditions for the establishment of European digital platforms.

1.6. The EESC endorses the initiatives on cross-border cooperation, partnerships and networks to foster innovation and the uptake of AI and highlights the importance of broad-based cooperation between different actors of society.

1.7. The EESC urges Member States to adapt their education systems to the new skills demand, which requires reforms from primary schools to universities. In addition, lifelong and ongoing learning is a necessity, and will increasingly take place in the context of work. Social dialogue plays an essential role in anticipating work-related changes and needs.

1.8. As regards managing AI-related structural changes, the EESC has considered the reinforcement of the European Globalisation Adjustment Fund as a step towards a fully-fledged European transition fund to help manage digital transformation.

1.9. The EESC stresses that the development and use of AI must take place in line with EU values and in compliance with consumer, labour and company related legislation. Civil society representatives and the social partners need to be involved in the preparation of AI-related policies and measures. Providing knowledge about AI is also necessary to enhance people's trust.

1.10. As AI must serve society at large and consider economic, social and environmental aspects simultaneously, the EESC suggests that the EU adopt the framework of sustainable development as a guiding approach for future AI developments. The EESC also calls for the sustainable implementation of AI by individual organisations, including proper information and consultation practices.

2. General comments

2.1. Following the strategy on Artificial Intelligence for Europe published in April 2018, the European Commission worked with the Member States to prepare a coordinated plan on AI with the aim of maximising the overall impact of measures, particularly investment, at EU and national levels and ensuring that the EU can cope with global competition.

2.2. The coordinated plan proposes joint actions in four areas: increasing investment, enhancing data availability and accessibility, fostering talent and skills, and ensuring trust. The coordinated plan also calls on the Member States to put in place their national AI strategies by mid-2019.

2.3. The EESC welcomes the coordinated plan as an important step to enhance the implementation of the strategy. The Committee has provided its comments on the strategy in a previous opinion ⁽¹⁾. The Committee has also submitted an opinion on the Digital Europe programme ⁽²⁾. Moreover, the EESC has prepared own-initiative opinions on different aspects of AI ⁽³⁾, as well as several other opinions related to AI.

2.4. The EESC deems it important that implementation measures are planned both at EU and Member State levels, considering that the competences of the EU and the Member States vary in different policy areas. Cooperation and coordination are also necessary in order to maximise the results and efficiency from the point of view of the whole EU. The EESC urges all Member States to take the necessary steps towards the common objectives, while recognising the different conditions in different countries.

2.5. In addition to cooperation and coordination between policy-makers at different levels, cooperation is required between all actors of society. This is necessary to avoid inconsistencies, overlaps and gaps in action and thus to increase the efficiency and impact of measures.

2.6. The EESC calls for urgency in implementing the strategy, as progress in developing and introducing AI is fast outside the EU. At the same time, the EU and Member States should stick firmly to the long-term goals of the strategy. The EESC endorses the ambition for Europe 'to become the world-leading region for developing and deploying cutting-edge, ethical and secure AI, promoting a human-centric approach in the global context' ⁽⁴⁾.

2.7. To succeed in global competition, the EU must follow its own way in a determined manner, while at the same time recognising external developments and trends. The EESC finds it important that competitiveness and trust are considered together. Trustworthiness has the potential to become a competitive edge for the EU, although other components of competitiveness must also be in place.

2.8. As AI must serve society at large, the EESC suggests that the EU take the framework of sustainable development as a guiding approach for future AI developments. Sustainable development with its three dimensions requires policies and measures that strengthen the economy and generate well-being for society, while also helping decrease climate and environmental impacts.

2.9. The EESC points out that AI-related policies must be designed from the point of view of civil society actors, including enterprises, workers and consumers. Due attention must be focused on how to make maximum use of the opportunities offered by AI for the whole of society and how to minimise risks, including the manipulation of democratic processes.

2.10. The EESC highlights the importance of inclusiveness and the principle of 'leaving no one behind' in the development and uptake of AI. This applies to the accessibility of data and infrastructure, the availability of user-friendly products and access to knowledge and skills. Inclusiveness is important for both people and businesses, particularly SMEs. Special measures should be taken to increase women's skills in AI and encourage them to take up AI jobs and tasks, including in industry.

⁽¹⁾ OJ C 440, 6.12.2018, p. 51.

⁽²⁾ OJ C 62, 15.2.2019, p. 292.

⁽³⁾ OJ C 288, 31.8.2017, p. 43; OJ C 440, 6.12.2018, p. 1; OJ C 345, 13.10.2017, p. 52; OJ C 190, 5.6.2019, p. 17.

⁽⁴⁾ COM(2018) 795 final ANNEX.

2.1.1. Given the huge societal challenges and the extremely rapid development of technologies, the EU should make full use of AI in predictive analysis regarding sectors such as healthcare and transport, including the issue of labour. Moreover, the EU should anticipate the opportunities inherent in disruptive technologies such as quantum technology.

3. Facilitating innovation and business development

3.1. Besides providing business operations with increased efficiency and productivity, AI also brings about new business opportunities for a wide variety of industries and services. This holds with both big companies and SMEs, start-ups and scale-ups. In addition, completely new businesses will be created.

3.2. Considering that a lot is happening outside the EU about the development and introduction of AI, the EU also must strengthen its efforts to improve its competitiveness. It is not about 'picking winners' but rather about identifying problems and challenges to be tackled, with the aim of creating and maintaining the right conditions for making use of the opportunities and minimising the risks related to AI.

3.3. Investment in innovation and infrastructure and the further development of the single market are the core fields of action to be focused on. In addition, the EESC highlights the significance of the overall business environment, such as taxation, regulation and the availability of production factors, for the innovation activities and investment decisions by enterprises.

3.4. The EESC endorses the initiatives to allocate more funding to the development and uptake of AI. Instruments such as Horizon Europe, Digital Europe, InvestEU and the European Fund for Strategic Investments are all valuable and necessary instruments to boost innovation and investment in AI.

3.5. While the public sector has a significant role to play through its own AI investment and public procurement, a lot of private investment is needed to generate adequate progress in both the development and uptake of AI in several sectors. Public funding provides leverage for private investment and is as such essential. Funding practices should however be made more user-friendly. Funding rules should also be developed to encourage risk-taking.

3.6. Business ecosystems, comprised of companies of different sizes and from different sectors and different parts of value chains, are necessary for the development and uptake of AI, and so is collaboration between businesses and various stakeholders. The EESC supports the Commission's plans to enhance cross-border cooperation, partnerships and networks through connected research excellence centres, testing facilities and Digital Innovation Hubs (DIHs). The EESC stresses the need to facilitate connections with SMEs and calls for the involvement of civil society organisations and the social partners in cooperation in the framework of the DIHs.

3.7. Competencies and skills play a significant role as an enabler of innovation and AI-related business development. There is demand not only for specific 'AI skills' but also for skills to apply AI in specific businesses, including entrepreneurial skills. As new talent for business and industry is best promoted through research projects, the EESC urges the EU and Member States to ensure adequate funding for this kind of research.

3.8. The rapid pace of developments calls for agility in facilitating AI innovation. This requires testing sites and regulatory 'sandboxes' that enable experimentation and piloting of new ideas. Furthermore, it is important to ensure the sharing and mutual recognition of test results.

3.9. The EESC calls for increased investment in the technology and infrastructure needed by AI and AI-based applications, including high-performance computers and 5G mobile networks, together with measures to improve cybersecurity. Moreover, the EU should be in the frontline in the development of quantum technology, especially quantum computing and quantum communications.

3.10. As AI is primarily based on data, the EESC finds it crucial to ensure the quality, availability, accessibility, interoperability and smooth flow of data, while securing data protection and privacy. A well-functioning single market in data is increasingly important, considering that it is interlinked with the single market in goods, capital and services.

3.11. The EESC supports the Commission's initiatives on creating a common European Data Space. The Committee urges the opening-up and facilitation of access to big data generated by the public sector for all users, and for the enhancement of Application Programming Interfaces (APIs). The EESC also calls for supportive conditions for the establishment of European platforms for data sharing. The enhancement of data accessibility and reuse must be aligned with fair competition and appropriate protection of data and intellectual property.

3.12. Business models based on data, platforms and ecosystems are becoming the 'new normal'. While business-to-consumer platforms are today mainly dominated by big companies from outside Europe, the EU would have significant potential to compete successfully in the fields of public-to-citizen and business-to-business platforms. A level playing field with respect to foreign competitors is in any case crucial.

3.13. The EESC calls for an enabling framework that stimulates innovation and avoids hampering development with overly detailed rules and requirements, while ensuring the trustworthiness of AI. The EESC also invites the Commission to assess together with the industries and stakeholders concerned whether there are pieces of regulation that might hinder the development or uptake of trustworthy AI, including the review of the fitness of competition law.

3.14. The EESC also calls on the policy-makers to consider policy instruments from the point of view of the sector in question. There are no one-size-fits-all solutions, but different sectors have their own needs and challenges to overcome. Full use of the opportunities provided by standardisation should be made for example in promoting interoperability, considering the speed of changes and need for continuous improvement.

4. Enabling people to prepare for the future

4.1. It is obvious that people are not largely aware of the opportunities that AI provides to assist them, while concerns related to control over the machine are clearly in evidence. The EESC therefore deems that there is a need for awareness-raising about the opportunities presented by AI for society at large. More knowledge and understanding of the nature and functioning of AI is also necessary to enhance people's trust based on critical thinking. Moreover, the EESC calls for improved statistical data and more research on the implications of AI for employment and work, including studies on sector-specific impacts.

4.2. Given that AI potentially has considerable implications for people's everyday life as consumers, as well as for the development of jobs and the work of the future, it is vital to provide people with the necessary knowledge and skills to be prepared for the changes. The social partners have an essential role in anticipating the changes in work, supporting the development of digital skills and enhancing the employability of workers in the labour market.

4.3. The deployment of AI implies considerable changes in the demand for skills. Due to the profound and rapid nature of AI's development, both immediate and long-term needs for training and education must be identified. Education must respond to the needs of both basic and advanced digital skills. In addition to ensuring basic AI literacy, general skills should provide people with the ability to apply AI in creating and using innovative solutions in their everyday life and work, associated with for example human-robot cooperation systems.

4.4. The EESC urges Member States to respond to the new skills demand by adapting their education systems. The EESC also stresses the importance of cooperation between governments, education institutions, the social partners, consumer organisations and other civil society organisations concerned in both designing and implementing new education and training programmes, to enhance skills relevant in the labour market and in society at large. AI should also be used in evaluating skills needs as well as in organising and providing content for education and training.

4.5. Reforms are needed in curricula from primary schools to universities. A strong base in science, technology, engineering and mathematics is needed, while recognising that both the development and use of AI require wide competencies. This highlights the significance of education in social sciences and the arts, among others.

4.6. In addition to the development of basic education, there is an evident need for the upskilling and reskilling of people, including teachers. Lifelong and ongoing learning is a necessity for everyone to cope with current and future developments. Learning will more and more take place in the context of work and be based on individual ambitions.

4.7. The EESC believes that investment in education and training should be a central part of national AI strategies, and that good practices of national initiatives should be shared at the European level. The EESC calls for increased allocation of EU funds to support the necessary reforms and new initiatives in education and training.

4.8. It is also important to deal with the AI-related structural changes in the regions and sectors most affected by the deployment of AI. Member States should prepare approaches on how to narrow the skills gap and decrease negative social impacts, including the protection of those who are unemployable. Access to internet must also be ensured in all areas in order to avoid the digital divide. The EESC sees the reinforcement of the European Globalisation Adjustment Fund proposed by the Commission as a step towards the establishment of a fully-fledged European transition fund to help manage the digital transformation in a socially responsible way.

5. Fostering trust in AI

5.1. The EESC firmly believes that success in seizing the opportunities of AI requires solid trust in it. Trustworthiness is expected by consumers and employees, as well as by businesses — employees, entrepreneurs, investors and financiers.

5.2. Concerns related to AI will presumably decrease with increasing knowledge and understanding of what AI means, how it can be utilised and how its decisions are made. This will lay the foundation for trust in AI by enabling critical thinking and the consideration of fundamental issues such as the principle of ‘human in command’ and the prospects for people maintaining control over their lives. On the other hand, trust is dependent on very practical aspects such as user-friendliness.

5.3. The European High-Level Expert Group on AI has recently launched ethics guidelines for trustworthy AI. The EESC takes note of these guidelines and points to the crucial role of open, adequate and reliable data, the transparency of AI decisions and the inclusiveness of the development and uptake of AI. The EESC also calls for broad-based discussions on issues such as the implications of profiling people and the prerequisites for challenging AI decisions.

5.4. If considered within the framework of sustainable development, the ethical aspects under discussion mainly include human-related aspects and thus fall within the social dimension of sustainability. In addition, AI should consider environmental aspects such as those related to climate change and natural resources, including the sustainable use of energy and raw materials and the avoidance of premature obsolescence of products, among others. Furthermore, economic sustainability requires that AI solutions are economically sound, i.e. productive, profitable and competitive.

5.5. The impact of AI applications is yet another element of trust. If AI benefits society — in the spirit of sustainable development — by generating economic prosperity, social well-being and health, as well as environmental gains, it can be acknowledged as ‘doing good’.

5.6. The EESC believes that trust in AI can be increased with citizen-centred public policy by involving civil society representatives in the preparation of AI-related policies and measures. The public sector can increase trust in AI also by means of citizen-centred administration, where AI might have a significant role to play by making administrative processes smoother and more tailored. Moreover, one should consider the opportunities provided by e.g. blockchain technologies to enhance trusted digital services.

5.7. The development and uptake of AI must take place in full compliance with the law, be it consumer, labour or company related legislation. There is a lot of legislation that is relevant to the development and use of AI. The EESC calls on the Commission to finalise and complement its evaluation of the relevant pieces of legislation e.g. in the field of safety and liability, with respect to their fitness for purpose in relation to trustworthy AI. The feasibility of relevant sectoral regulation should also be reviewed.

5.8. It is, however, most important that the approach and principles of trustworthy AI are adopted and introduced as an integral part of the culture of each organisation, both in the private and public sector. AI ethics should not be considered as something separate or different from ethics in general. Organisations should integrate AI ethics in their overall strategies, general codes of conduct and regular management practices, including the information and consultation of employees, as well as monitoring and auditing systems.

5.9. Proactive adoption of trustworthy AI can be enhanced by including ethical aspects in the education and training of AI developers and users, as well as by delivering and implementing ethical guidelines. The EESC is ready for its part to spread information on ethical aspects among civil society actors.

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of the European Economic and Social Committee
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