

# Official Journal

## of the European Union

C 79



English edition

Information and Notices

Volume 63  
10 March 2020

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## I

(Resolutions, recommendations and opinions)

## RESOLUTIONS

## COMMITTEE OF THE REGIONS

137TH CoR PLENARY SESSION, 4.12.2019-5.12.2019

**Resolution of the European Committee of the Regions - The Green Deal in partnership with local and regional authorities**

(2020/C 79/01)

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

Having regard to:

- the announcement of the European Commission President-elect, Ursula von der Leyen, of A European Green Deal in *A Union that strives for more - My agenda for Europe*;
- the fact that local and regional authorities implement 70 % of all EU legislation, 70 % of climate mitigation measures, 90 % of climate adaptation policies, and 65 % of the Sustainable Development Goals, represent one third of public spending and two thirds of public investment: they will deliver the European Green Deal on the ground;

**Towards an ambitious Green Deal that delivers at grassroots level, while striving for action at global level**

1. stresses that an ambitious Green Deal is necessary to make Europe the first climate neutral continent by 2050, welcomes that it puts sustainability at the heart of EU policy-making. The Green Deal should be an agenda-setting tool that leads to the integration of sustainability criteria into all EU policies, macroeconomic priorities and financial instruments, the European Semester and the Multiannual Financial Framework 2021-2027;
2. underlines that the Green Deal should be an instrument to achieve the goals of the Biodiversity Strategy and the Paris Agreement, and fully implement the UN 2030 Agenda and the Sustainable Development Goals (SDGs), and make an ambitious EU contribution to the post-2020 Global Biodiversity Framework, which will be decided on by the COP15 to the Convention on Biological Diversity (CBD);
3. calls on the Commission to review, where necessary, the EU targets included in the Clean Energy Package to ensure a climate neutral Europe that boosts European competitiveness and social justice by 2050 at the latest, and to enshrine them in a European Climate Law. In this regard, calls for raising the greenhouse gas (GHG) emissions reduction target to at least 55 %, the energy efficiency target to 40 % and renewable energy to 40 %, by 2030;

**A Green Deal that applies a place-based approach and ensures policy coherence**

4. calls for the Green Deal to adopt a holistic, place-based approach that proposes concrete solutions that take into account the economic, social, geographic and environmental challenges and opportunities of the regions and cities and has the participation and involvement of local population in the design and implementation of future proposals;
5. expects the Green Deal to mainstream sustainability and to make policy integration an approach and not only a priority, and to ensure policy coherence, also in the evaluation or fitness-checks, in order to align the priorities, ambitions and timelines of different EU policies and to avoid duplication or contradictory procedures and outcomes. Calls on the Commission to use the Better Regulation guidelines and toolbox to help design future-proof legislation and warns in this context against a formalistic approach to better regulation such as the 'one-in-one-out' principle for EU legislation, which does not do justice to the complexities of the political and regulatory challenges which have to be met;
6. requests that the Commission propose measures at EU level towards an internalisation of external costs and the coherent implementation of the 'polluter pays' principle;

7. reiterates its call for better reflecting environmental and climate-change considerations in the EU's external relations. Highlights also the importance of sharing peer-to-peer experience within platforms of territorial cooperation such as ARLEM and CORLEAP, as well as through city-to-city partnerships. Climate change should remain a strategic diplomatic priority of the EU in order to ensure that third countries adopt and implement ambitious policies to reach climate neutrality;

8. with regard to these factors, emphasises that an ambitious integrated maritime policy allowing for a comprehensive and consistent approach to the oceans is vital in order to keep up their contribution to the fight against climate change, safeguard their biodiversity on which our food supply also depends, and harness their capacity to contribute to the development of renewable energies;

### **Achieving tangible results on the ground using multi-level governance and active subsidiarity**

9. calls on the Commission to ensure the Green Deal is based on a multi-level governance framework; welcomes the European Parliament's resolutions on the 2019 UN Climate Change Conference in Madrid and on the climate emergency with the call for immediate and ambitious action to limit global warming to 1,5 °C, acknowledging that a lasting transition to a sustainable and low-carbon society cannot be achieved without both bottom-up and top-down involvement; underlines that local and regional authorities stand ready to shape the European Climate Pact together with citizens, businesses, universities, and research centres;

10. calls for support in the form of EU funding to always be subject to a climate impact and sustainability assessment. Subsidies, aid and support programmes that directly or indirectly harm the environment should be reviewed in light of their consistency with the climate and sustainability goals, and should be abolished;

11. calls on the Commission to present Green Deal action agendas with measurable objectives, targeted actions, and appropriate funding, prepared in cooperation with local and regional authorities, in accordance with their legal competences within the Member States. The Green Deal will not be successful unless it is translated into strategies and plans that are developed and implemented at the EU, national, regional and local levels;

12. calls on the Commission to monitor the progress of national governments and local and regional authorities (LRAs) in addressing enabling factors and obstacles through the State of the Energy Union process with the close and direct involvement of local and regional authorities;

13. calls on Member States to put in place Multilevel Climate and Energy Dialogues and actively involve local and regional authorities in drafting and revising the National Energy and Climate Plans, aligning their ambitions to the pathways towards climate neutrality, and in developing Locally and Regionally Determined Contributions to complement the NDCs <sup>(1)</sup>;

14. commits in this regard to setting up a Forum of local and regional authorities, and stakeholders for cooperation with the European Commission and Member States to bring together all relevant actors on a regular basis in order to provide feedback on the implementation of the Green Deal related actions and initiatives as well as suggestions to legislative proposals and an exchange of best practices across all levels of governance;

15. calls on the Commission to include the Green Deal among the topics of the upcoming Conference on the Future of Europe, as climate change and sustainable development, within the scope of the UN's SDGs, have a direct impact on the wellbeing of the EU's citizens;

16. expects the Commission to further support and expand initiatives such as the Covenant of Mayors for Climate and Energy, both within and beyond the EU;

17. calls on the Commission to take fully into consideration the conclusions included in the implementation reports on the clean air policies and on public procurement made by the CoR regional hubs <sup>(2)</sup> pilot project (RegHubs). The RegHubs project should also be used for the Green Deal initiatives;

<sup>(1)</sup> CoR (2018) 923.

<sup>(2)</sup> <https://cor.europa.eu/en/our-work/Pages/network-of-regional-hubs.aspx>

### Addressing transitions that make regions and cities more sustainable

18. calls for the Green Deal to address different transition challenges, including those related to energy, the oceans, the circular economy, food production and consumption, mobility, digitalisation and the environment;
19. calls on the European Parliament to commission an official study on the environmental impact of the European Parliament relocating between Brussels and Strasbourg twelve times a year;
20. calls on the European Commission to ensure that the transitions are just and participatory, engaging all actors in partnership, without leaving anyone behind;
21. calls on the European Commission to ensure the economic, social and territorial cohesion of the transitions, paying a particular attention to least favoured regions, areas affected by industrial transition, sparsely populated areas and environmentally fragile territories, such as islands and mountain regions;
22. stresses that public procurement offers a potentially strong lever for ensuring a more sustainable food supply (local and organic) through public-sector catering contracts in school and hospital canteens, as well as for developing sustainable mobility. These examples can strengthen the rural-urban nexus expressed in the Habitat III New Urban Agenda (NUA); calls once again on the Commission in particular to clarify existing constraints within its public procurement rules in order to apply sustainability criteria, by publishing handbooks, for example;
23. underlines the need for the development of comprehensive education and of skills, which will be much-needed in the green transition; further reiterates its calls for an Observatory of such a transition, which would gather regional-level data supporting policy-making at all levels of governance;

### Energy and climate transition

24. calls on the Commission to ensure that European Climate Law is based on a thorough analysis of its impacts and benefits, coupled with concrete financing plans, encompasses both mitigation and adaptation to climate change and forms the basis for a comprehensive and ambitious Climate Neutrality Package;
25. highlights the importance of research and data collection on foreseen climatic variations and the need to boost interregional cooperation to act on the most vulnerable points to climate change;
26. reiterates the call for EU institutions to ensure that climate adaptation and disaster resilience, as key aspects of sustainable development, are taken into account in future EU funds and projects, connecting them with cohesion, rural development, health, research and environmental policies as well <sup>(3)</sup>;
27. calls on the EU to support local and regional authorities in protecting and restoring important natural carbon sinks in order to achieve climate neutrality, in particular by adapting the management of organic soils and restoring peat bogs and marshland;
28. calls on the Commission to propose clear definitions and rules for local energy communities and other kinds of 'prosumers' to provide them with certainty and to ensure access to market, financial instruments and know-how and to foster collective self-consumption in private buildings;
29. as for public buildings, calls for work to be pursued on energy efficiency and to progress towards its self-consumption; calls for fostering data collection on electricity and heat consumption and launching Artificial Intelligence strategies that contribute to saving energy;

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<sup>(3)</sup> CoR (2018) 6135.

30. calls on the European Commission to further support the development and deployment of sustainable renewable energy by providing a clear political and regulatory framework as well as appropriate support for research and development into innovative renewable energy technologies, including a roadmap for clean hydrogen;

31. expects the Green Deal to include an EU Action Plan on Affordable Housing, which should also be consistent with increased efforts to eradicate energy poverty. In order for the transition to be just, measures must be foreseen to ensure that vulnerable people can benefit from warmer, more energy-efficient homes that make use of renewable technologies such as solar energy;

32. highlights that the energy consumption of buildings accounts for more than 40 % of the overall energy consumption in the EU and therefore believes that housing modernisation could significantly contribute to the reduction of greenhouse gas emissions in Europe and to the eradication of energy poverty. In this respect calls on the Commission to propose an ambitious financing plan for housing renovations as part of the Green Deal package;

### **Circular economy transition**

33. considers that a comprehensive, long-term strategy for Europe's industry is an essential element of achieving the goals of the Green Deal, which will drive innovation, provide competitive advantages and job-creation opportunities, especially for young people; in this context, it is essential to ensure that energy-intensive industries are supported in the transition to low carbon production methods in order to limit distortions to competition and avoid carbon leakage, notably by EU funding for relevant research and development of practical solutions;

34. calls for a new ambitious, time-bound, science-driven post-2020 Circular Economy Action Plan and looks forward to working closely with the European Commission on these proposals;

35. points out that prevention should be the first priority, in line with the EU waste hierarchy, calls for ambitious measures including the eco-design of goods and services, preventing waste, recycling, recovering and reusing materials and components and reducing harmful substances, as well as reprocessing difficult substances in order to promote repairability, recyclability, upgradability and durability. In this context, encourages local and regional authorities to employ multiple instruments, including localising EU binding targets, fiscal measures at all levels, Extended Producer Responsibility and Green Public Procurement with compulsory targets as part of every EU funding opportunity;

36. calls on the European Commission to propose an ambitious target for the reduction of municipal waste by 2030, for the re-use and recycling targets for municipal waste to be 70 % by weight by 2030, for food waste to be reduced by 50 % by 2030 and for a binding target of a maximum of 5 % landfilling of residual waste by 2030;

37. supports also in this context the new efforts in the field of microplastics and those to implement the legislation on plastics<sup>(4)</sup>, underlining that plastics pollution should be addressed at source;

38. asks the Commission to encourage all European regions and cities to adopt bioeconomy action plans or to provide for a chapter dedicated to the bioeconomy in their global development strategy;

### **Food transition**

39. against the background of the fact that the EU has become the world's largest importer and exporter of food, insists that trade agreements are assessed against the objective of reducing greenhouse gas emissions, including in the agro-food sector, and that trade agreements are based on sustainable development;

40. considering that agriculture is responsible for 10 % of GHG emissions and is directly affected by climate change, calls on the Commission to promote sustainable farming through strengthening financial aid for environment- and climate-friendly practices in both pillars of the Common Agriculture Policy (CAP);

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<sup>(4)</sup> CoR (2018) 925 and CoR (2018) 3652.

41. suggests a local and regional chapter on the 'Farm to Fork' strategy, particularly important in small economy models, to assess the effects of international and global food production patterns on local and regional production schemes;

42. highlights the crucial role EU forests and peatlands have in achieving climate neutrality. It calls for a solid EU strategy for forests and peatlands and supports ambitious labelling schemes for food being produced without deforestation<sup>(5)</sup>. Recalls, in this respect, Member States' commitments under the LULUCF Regulation and acknowledges the efforts to achieve enhanced CO<sub>2</sub> removals;

43. points out that the oceans make a significant contribution to our food supply; calls for a new strategy supporting marine crops and blue biotechnologies which avoids harming the environment and safeguards natural environments; stresses that sustainable fisheries play a key role in the equilibrium of coastal areas;

44. stresses that LRAs need a standardised methodology for collecting and reporting data on the environmental impact of food products, including food waste, to ensure data comparability across Member States and to encourage environmental and social costs associated with food products or diets to be measured in economic terms;

### **Mobility transition**

45. notes that LRAs are key enablers of clean mobility and for the greening of transport, and therefore calls urgently for measures at EU level for the internalisation of external costs by transport mode to ensure a more level playing field, including the review of tax arrangements for certain transport fuels in particular;

46. points out that power grids, electricity storage, trade, and the management of public infrastructure will all need to be modernised, along with transport rules and taxation, to be properly equipped for new and innovative transportation modes, including battery or hydrogen fuel cell;

47. emphasises that harnessing the potential of digital technologies will make it possible to optimise transportation and set up a multimodal trans-European transport (TEN-T) network. The prerequisites are intelligent transport systems (ITSs) and infrastructure;

### **Environmental transition**

48. reiterates its call for an 8th Environment Action Programme<sup>(6)</sup> and stresses that this programme should be aligned with the objectives of the Green Deal and should contribute decisively to guiding its effective implementation on the ground. Calls for greater participation by subnational authorities in the Environmental Implementation Review Cycle;

49. calls for the post-2020 Global Biodiversity Framework (GBF) to be developed by aligning and integrating all relevant environmental UN Agreements with the biodiversity targets for 2030. With a view to COP15 in 2020, the parties to the CBD should formally recognise the indispensable role of LRAs in achieving successful implementation and coherent monitoring, reporting and verification of global and EU policies on biodiversity;

50. reiterates that delivering on the EU zero-pollution ambition requires a wide-ranging approach looking at air and water quality, hazardous chemicals, emissions, pesticides and endocrine disruptors; calls on the Commission not to further delay the development and adoption of the new strategy on endocrine disruptors and stricter rules on hazardous chemicals;

51. asks the Commission to do more to promote the potential of Nature-based Solutions (NBS) and Green and Blue Infrastructures (GI) as useful additions to and not as a replacement for strong biodiversity and ecosystem services actions in peri-urban and rural areas;

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<sup>(5)</sup> CoR (2019) 973.

<sup>(6)</sup> CoR (2019) 1672.

52. stresses the benefits of environmental framework programmes at regional level that are aligned with the different national, European and international strategies; these programmes might help to set objectives and main actions, provide clarity in the regional environmental choices and establish a long-term road map in which the involvement of society is key, as well as facilitating the design of alliances with other European regions;

### **Digital transition**

53. reiterates the important role smart regions, cities and communities play in guaranteeing a just and fair transition towards climate neutrality; calls on the Commission to pursue the concept of digital cohesion to ensure that no person or region is left behind in the digital transition, to promote targeted measures to support LRAs to roll out smart solutions and to increase the leverage of smart specialisation programmes to boost digital skills;

54. calls for comprehensive frameworks to be developed to integrate and use data for the purpose of smart governance and, at the same time, guarantee the required data protection;

55. draws attention to the important carbon footprint of the internet and digital data processing, calls therefore on the EU to do more to address the energy and CO<sub>2</sub> implications of digitalisation and boost its sustainability; believes that the public authorities should raise awareness of the issue;

### **Adequate financial resources at the EU, national, regional, and local level must be provided to meet the needs of the citizens**

56. welcomes the proposal for a Sustainable Europe Investment Plan of EUR 1 trillion in investment between 2021 and 2030, corresponding to the needs identified by European Court of Auditors <sup>(7)</sup>; also supports the decision taken by the European Investment Bank to end financing for most fossil fuel energy projects from the end of 2021 and to gradually increase the share of its financing dedicated to climate action and environmental sustainability; reiterates its call to reduce red tape, simplify the mechanisms related to the preparation of projects, and reinforce tailor-made technical assistance to access the European Investment Bank's JASPERS and ELENA to develop bankable projects, including smaller-scale projects;

57. also insists that additional resources, such as the proposed extension of the Emissions Trading System and introduction of a WTO-compatible Carbon Border Tax are necessary; as well as appropriate taxation on aviation fuel;

58. asks the Commission to establish a new Just Transition Fund targeted at coal and carbon-intensive regions and which consists of additional resources on top of the resources allocated to cohesion policy, but which functions as a complement to the 2021-2027 cohesion policies' operational programmes at NUTS 2 level;

59. calls for at least 30 % of the entire EU budget 2021-2027 to be earmarked for climate and biodiversity action, while phasing out subsidies for fossil fuels;

60. highlights the crucial role of cohesion policy as the main financial instrument in implementing the transitions' objectives; calls for cohesion policy to have adequate funding at its disposal, therefore the share of the budget allocated to cohesion policy in the next MFF should remain the same;

61. is concerned that the Green Deal is unachievable without the right financial framework. Calls for the full implementation of the Commission's Action Plan on Financing Sustainable Growth and the quick adoption of the regulatory framework on taxonomy to facilitate sustainable investment, on disclosures relating to sustainable investments and sustainability risks and on low carbon benchmarks and positive carbon impact benchmarks <sup>(8)</sup>. This framework should also cover investments in the nuclear industry, aviation and the railway sector. The Action Plan should also be rapidly extended to social criteria;

<sup>(7)</sup> European Court of Auditors: Landscape review of EU Action on Energy and Climate Change, 20 September 2017 <https://op.europa.eu/web-public/eca/lr-energy-and-climate/en/>

<sup>(8)</sup> See CoR opinion of 6 December 2018 by Mr Tilo Gundlack (PES/DE).



62. encourages an ambitious approach to EU investments in nature and biodiversity, noting that costs would be exceeded by the benefits derived by ecosystem services, for example, in the form of healthcare services, CO<sub>2</sub> storage, flood retention, purification of water reserves, air purification, or prevention of soil erosion;

63. reiterates its view that no agreement can be reached on the expenditure of the EU Budget unless progress is also made on revenue, because the size of the EU Budget should be commensurate with current and future EU priorities<sup>(9)</sup>; urges the Commission to come forward with contingency measures to support the Green Deal if the next EU Budget cannot be put in place before the end of 2020;

64. stresses the importance of co-funding rates for EU funds to facilitate access for small communities, rural areas and islands; calls to strengthen their capacity to be used as energy transition 'laboratories', by devising innovative solutions and coordinated policy action;

65. in view of the state aid framework post-2020, calls for an increase in the level of permissible state aid, and subsequent adaptation of the Energy Taxation Directive to promote low emission fuels. Sufficient flexibility and a technology neutral approach, with regards to sustainability and reduced emissions, must be applied for regulation and projects related to the energy transition;

#### **Direct communication with the citizens about the benefits of the Green Deal**

66. proposes boosting the information campaigns and direct dialogues with citizens to raise awareness of the importance of a transition to more sustainable societies, healthier local communities and more competitive local economies; invites the Commission to co-organise a series of Citizens Dialogues with the CoR to present the added value of the Green Deal and illustrate concrete results in citizens' daily lives;

67. instructs its president to forward this resolution to the European Commission, the European Parliament, the Finnish, Croatian and German presidencies of the Council and the President of the European Council.

Brussels, 5 December 2019.

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

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<sup>(9)</sup> CoR (2019) 3887.

## OPINIONS

## COMMITTEE OF THE REGIONS

137TH CoR PLENARY SESSION, 4.12.2019-5.12.2019

**Opinion of the European Committee of the Regions – The challenges of metropolitan regions and their position in the future Cohesion Policy post-2020**

(2020/C 79/02)

**Rapporteur:** Juraj DROBA (SK/ECR), Chairman of Bratislava Self-Governing Region**POLICY RECOMMENDATIONS**

THE EUROPEAN COMMITTEE OF THE REGIONS

**General comments**

1. notes that two thirds of the EU population live in metropolitan regions (MRs) and so it is relevant to address this issue also in preparations for cohesion policy beyond 2020;
2. points out that increasing urbanisation is not just a European but also a global trend. On the one hand, this creates opportunities; on the other, it forces us to address new challenges. Collaboration between institutions and players in the MRs is therefore crucial;
3. notes that there is currently no consensus on criteria defining and delimiting MRs that reflect the diversity and the real situation in such regions throughout the Member States;
4. notes that Eurostat defines MRs as NUTS 3 regions or combinations of NUTS 3 regions where at least half of the population lives in a functional urban area that has no fewer than 250 000 inhabitants. The territorial classification is based on the identification of urban centres with high population density and a minimum population of 50 000 inhabitants. Highlights that based on this statistical interpretation, 293,3 million EU-residents were living in MRs in 2016, points out that areas that are functionally linked to areas outside the EU must also be taken into account in this regard. The OECD defines MRs in terms of function, whereby an urban centre with high population density and job opportunities is connected to the rest of the area by heavy daily commuting into it;
5. points out that MRs contain different types of areas predominantly urban by population but often rural in their land coverage. They have strong links with peri-urban and rural areas and often have to cope with the phenomenon of suburbanisation. The question of land use of suburban areas is crucial for the quality of life, adaptation to climate change and mitigation. Specific policies regarding the limitation of urban sprawl should be discussed among regions;
6. notes the need to distinguish between highly urbanised and less urbanised MRs, which require different policy approaches and measures;
7. notes that the metropolitan regions of Paris and London can be considered separately, with populations of over 12 million, while most MRs in European Union vary according to their size, functions and economic strengths, as well as by their degree of polycentricity. There are also significant differences in MRs' approaches to coordinating their joint policies and actions;

8. points out that people migrating to cities is one of today's major demographic trends, with the EU's population mainly concentrated in the MRs of capital cities. MRs have to cope with urban sprawl, growing population density in urban centres and, conversely, the depopulation of rural areas. This trend places demands on the provision of public services for the population and on new infrastructure, for example in social, transport, school and health sectors and in relation to digitisation and to the implementation of a sustainable energy transition, and puts therefore a huge pressure on MR budgets; furthermore, for the metropolitan areas of capital cities, there are additional requirements in their capacity as the capital cities of Member States, for example in the areas of security, services of general interest, digital services and transport;

9. stresses that in some cases the actual population numbers in MRs are higher than the official statistics show. Not everyone living in MRs also has their permanent residence there. There are also many who travel to MRs for work, but also make use of their social facilities and services. In addition, MRs often have a strong cross-border dimension;

### **The potential of metropolitan regions**

10. notes that MRs are seen as the engines of the Member States' economies and centres of economic growth. According to Eurostat, it is in MRs that around 72 % of the 28 Member States' GDP is generated. MRs are not only centres for countries' economic growth; they are also a hub of research, innovation and creative potential, which naturally attracts capital, investment and people. They are pioneers in smart solutions in information and services provision, the circular economy, environmental sustainability, energy efficiency and sustainable mobility;

11. underscores the importance for the harmonious development of regions that the EU and the Member States acknowledge the added value of metropolitan collaboration in achieving common objectives in reducing regional disparities. By concentrating resources and expertise, MRs can help to strengthen internal connectivity, as well as distribute wealth and benefits in a given area, by promoting regional collaboration, economic growth and by forging more efficient urban-rural links. In providing services beyond their confines, MRs play an important role in spreading development into surrounding – often rural – areas. They help to bring communities and individuals together, since living functional relationships build bridges between urban areas, smaller towns and rural areas. Interaction between rural and urban areas is an important driver for harmonious territorial development;

12. calls for attention to the necessity of real involvement of national policies in using territorial tools and to safeguard fair allocation of sources for all territories, regions, communes, be it metropolitan area, urban or rural, as well as to make sure Member States will consult with LRAs at an early stage of deciding where and how territorial tools will be used. This is essential for harmonised support at all levels, ensuring balanced development of both urban and rural areas, taking into consideration the principle of subsidiarity and territorial cohesion.

13. notes that the current proposal for cohesion policy envisages European added value as a condition for obtaining funding. Support for MRs not only yields European added value, but also ensures both the EU's global competitiveness and, through the spillover effects resulting from such support, helps to further Member States' regional convergence.

14. points out that more than 70 % of climate change mitigation measures and up to 90 % of adaptation actions are carried out at sub-national level, which means that MRs are key players in meeting the COP21 commitments;

15. observes that a substantial part of the funds in the post-2020 cohesion policy will be channelled into supporting innovation and smart solutions, which are largely implemented in MRs;

### **Challenges**

16. points out that some MRs, including those statistically designated the wealthiest, continue to suffer from a large infrastructure deficit from the past and need to keep steering their investment into core infrastructure;

17. notes that MRs have to address economic, fiscal and territorial challenges, while at the same time grappling with an expanding demand for quality public services and limited financial resources with which to provide them – which has a marked effect on the population's overall quality of life. Budget revenues in some MRs bear only the slightest relation to their economic success and high GDP. In some the budget derives from a share of the personal income tax of people registered in the MR, but not from the legal persons that generate the region's GDP. This is why the presence of multinational companies does not necessarily bring revenue into public budgets;

18. points out that a characteristic feature of MRs is heavy commuting of workers into urban cores and one of their biggest challenges is accessible and environmentally friendly public transport. MRs must introduce active forms of transport and mobility solutions in public spaces, as well as improve cross-border mobility. They have to wrestle with traffic congestion that reduces air quality and adversely affects the health of the population;

19. points out that, not least because of the concentration of industry, MRs have greater challenges to face linked to the quality of the environment, the introduction of sustainable energy sources, the circular economy, air pollution, groundwater quality, the management of waste, biodiversity reduction and the removal of environmental burdens. MRs also play a central role in adapting to the consequences of climate change, a holistic approach is needed to address all these issues;

20. emphasises that MRs face a high level of inequalities. Some MRs have within them the poorest areas of Member States and have to deal with urban poverty, social inclusion, the increasing number of homeless people, children living in poverty, vulnerable groups, youth unemployment, a shortage of skilled labour, integration of migrants and refugees, increased criminality, an ageing population and in-work poverty. The existence of these areas is frequently concealed by official statistics being only available on a larger scale, which affects the development of relevant policies and actions;

21. stresses that the housing crisis impacts MRs in a distinct way. On the one hand, there is depopulation in some areas, while in others there is a huge demand for housing. In cities where demand for housing is high, prices are growing faster than incomes, leading to increased segregation and social inequality. Reiterates against this background its call for a European Agenda for Housing <sup>(1)</sup>;

22. calls on Eurostat to collect and analyse data on the accessibility and cost of housing from a local and regional perspective. Initiatives, including from civil society, to build affordable housing should also be analysed;

23. points out that particular attention needs to be paid to MRs undergoing economic transition, which are coping with the adverse consequences of industries that have closed down. They are faced with high – often long-term – unemployment and at the same time have to tackle the conversion of disused industrial plants and the regeneration of deprived urban areas and neighbourhoods;

24. notes that one of the major challenges for MRs is supporting the expansion of digital infrastructure, which will enable people to get work in new industries, as well as introducing new work patterns such as teleworking;

25. points out that MRs often also include rural areas and it is very important here to work on well-functioning urban-rural connections within MRs and to avoid uncoordinated policy making; stresses that MRs are a focal point for resources and expertise and are able – with their professional and strategic planning capacities – to assist the wider area in securing cohesion policy funding. MRs may therefore be the appropriate level in terms of area for implementing integrated approaches on sustainable development, with a focus on local and regional solidarity;

26. It is important to explore cooperation in cross-sectorial issues by means of urban-rural links that contribute to both rural and metropolitan development, such as the support of the establishment of regional and local value chains and direct marketing of agricultural products in metropolitan regions to create added value for the neighbouring rural regions;

27. points out the need to better understand the patterns in MRs located on islands, along with the interactions between islands;

28. stresses the need to extend the discussion to MRs not located on the mainland;

### **Better involvement of MRs in framing and implementing cohesion policy**

29. points out that the ongoing process of drawing up cohesion policy post-2020 is a unique opportunity to take on board the need for a specific approach to MRs in the framing of future partnership agreements and subsequently the operational programmes for cohesion policy funds;

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<sup>(1)</sup> Point 20 of the CoR Resolution on the Proposals for the new European Union legislative mandate, 27 June 2019 <https://webapi2016.cor.europa.eu/v1/documents/cor-2019-02550-00-01-res-tra-en.docx/content>

30. is in favour of there being no administrative barriers to cooperation between NUTS II regions that together form the capital city region (capital city – capital city region) and wish to coordinate their strategies and operations within the framework of their respective OPs. The Committee also believes that there should be sufficient flexibility when selecting measures to promote close cooperation;

31. highlights the role of MRs in cohesion policy and recommends the urgent creation and reinforcement of this dimension in cohesion policy post-2020, as well as of relevant European policies, including the new Territorial Agenda and strategy documents, such as the new Leipzig Charter and the new European development strategy to replace the Europe 2020 strategy;

32. calls for MRs to be directly involved in the framing of cohesion policy and the implementation and evaluation of operational programmes and EU projects provided that they draw up territorial cooperation agreements;

33. calls on the EC to bear in mind, when approving the partnership agreements and subsequently the operational programmes, which party is competent to implement individual operations, since the powers of MRs and local authorities are different in each Member State;

34. points out that, because of their relative wealth, MRs are constrained in drawing cohesion policy funds, and so the pressure to use them effectively is increasing. The fact that the method for distributing cohesion policy resources under the relevant national allocations is primarily based on a single indicator – GDP per capita at purchasing power parity – and that social, demographic and environmental aspects are only included in part, does not give the full picture about the level of development. It is therefore proper that regions disadvantaged because of an economy-based distribution of financial allocations are suitably compensated. The proposed transferability of resources <sup>(2)</sup> is a relevant tool in this regard. Member States are encouraged to discuss the transfers with all the regions concerned assuring that any decision taken is consensual and in line with multilevel governance;

35. supports the European Commission's proposal to increase the option of a financial transfer between categories of regions from 3 % to 15 % of a Member State's total allocation and calls on the Member States to use this option; notes, however, that for flexibility to be applied, careful analysis will be needed;

### **Acquiring and analysing data at regional level**

36. calls on the EC, through the EU Joint Research Centre, to begin looking into the potential added value of support to MRs in terms of cohesion policy's prime objective of reducing regional disparities. This research could examine, for example, the spillover effects coming from support to MRs and their contribution to the cohesion of countries and regions <sup>(3)</sup>;

37. recommends using the Social Progress Index (SPI) methodology to identify the most pressing challenges in MRs that need to be financed by cohesion policy funds. This can help regional and local stakeholders to properly evaluate and define investment needs in their area;

38. recommends that, when assessing the economic maturity of regions, Eurostat produce regional statistics and not take national averages as a basis in measuring regional GDP per capita at purchasing power parity;

39. recommends further developing statistical data collection at regional level, in particular data demonstrating functional relationships within MRs. This would make it possible to obtain more comprehensive information about the population and its mobility within MRs, to design more tailored measures and to channel investment from cohesion policy funds in a more targeted way;

40. recommends that, in order to reduce the red tape and costs associated with data collection, support be given to innovative data collection methods, which can be used to follow commuting patterns within MRs;

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<sup>(2)</sup> COM (2018) 375, Art 105.

<sup>(3)</sup> See in this regard a report on 'The impacts of metropolitan regions on their surrounding areas', <https://cor.europa.eu/en/engage/studies/Documents/Metropolitan-regions.pdf>

### Cohesion policy fitting the needs of MRs and their inhabitants

41. recommends that more support be given to instruments that assist metropolitan collaboration, such as ITI and CLLD, separate priority axes for MRs within individual operational programmes, regional integrated territorial strategies, sustainable urban development strategies and sustainable urban mobility plans (SUMP), which should be further developed under the post-2020 cohesion policy and serve as documentation to support investment;

42. notes with regret that for the first time the draft cohesion policy budget accounts for less than a third of the EU budget. And yet, thematic concentration is strongly linked to the first two objectives of the new cohesion policy – a smarter and greener Europe. This is the type of measure that is largely being carried out in MRs; therefore recommends that Member States, when drawing up partnership agreements, work closely with MRs to spell out how they will implement thematic concentration;

43. calls on the EC to establish conditions and support mechanisms for knowledge transfer, exchange of experience and best practice on key challenges, solutions or projects developed by MRs, such as the governance between MRs, indicators to monitor the implementation of metropolitan planning strategies or the development of smart policies;

44. draws attention to the fact that MRs are characterised by fragmented government structures consisting of a large number of regional and local entities thus hindering their ability to address efficiently economic, social and environmental challenges. Therefore encourages the exchange of best practices between MRs for the development of long-term strategies and innovative solutions that would enable them to bridge this fragmentation of powers;

45. backs the idea of creating a Just Transition Fund for supporting a sustainable energy transition, coping with social challenges associated with labour mobility and major demographic changes, which would be financed from fresh means additional to those of cohesion policy;

46. points out that, on the one hand, MRs have huge resources of human capital and talent, but, on the other, face a whole gamut of challenges ranging from social exclusion to adapting to future skills in the labour market. ESF+ should be used to address these challenges for MRs, in close cooperation and accordance with the infrastructure measures financed by the ERDF;

47. calls for all partnerships in the new EU Urban Agenda to address the ongoing metropolitanisation of areas or for a new partnership for the metropolitan dimension of the Urban Agenda to be designed that has a horizontal and strategic slant.

Brussels, 4 December 2019.

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

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**Opinion of the European Committee of the Regions – Macro-regional Strategy for the Carpathian Region**

(2020/C 79/03)

**Rapporteur:** Władysław ORTYL (PL/ECR), President of the Podkarpackie Region**POLICY RECOMMENDATIONS**

THE EUROPEAN COMMITTEE OF THE REGIONS

**The role of macro-regional strategies in achieving EU cohesion**

1. points out that the provisions of European treaties <sup>(1)</sup> require the European Union to develop and pursue actions leading to the strengthening of its economic, social and territorial cohesion;
2. believes that macro-regional strategies help meet common challenges for specific areas, which are understood in a broad, cross-border geographical context. By pooling the potential of cross-border regions, the strategies make a significant contribution to achieving territorial cohesion between countries and regions <sup>(2)</sup>. The CoR notes that the process of creating macro-regional strategies illustrates the natural evolution of the EU as the next step in strengthening cooperation between countries, regions and local communities across borders;
3. underlines that macro-regional strategies are an instrument of multilevel governance, bringing together the activities of bodies representing the EU, national, regional and local levels around selected objectives. They also improve the complementarity of various political strategies and programmes that are designated and implemented at different levels of governance. This pooling of jointly defined potential and coordination of actions aimed at eliminating barriers to development is a significant added value at the European level;
4. recognises that macro-regional strategies play an important role in the process of deepening integration of the EU by giving momentum to development processes at the regional and local levels. This is enabled by the possibility to exchange experiences and transfer successful good practices in the countries and regions covered by the strategy. This naturally creates the conditions for European solidarity and responsibility for the development of the entire macro-region, which makes it possible to overcome a particular viewpoint to see the wider context of the whole macro-region. They are also a catalyst for the initiatives of local and regional communities, enabling them to bring European ideas closer to the people;
5. recognising that local and regional authorities play a key role in promoting democracy, decentralisation and local and regional self-government, the Committee views their activity within existing macro-regional strategies and the process of creating new ones. Strategies are becoming a bottom-up tool for territorial cooperation and are based on the involvement of local and regional entities and civil society. Through joint actions aimed at achieving the goals of macro-regional strategies, a cooperation platform is created that promotes the European value system, strengthens democratic principles and raises standards of regional development management, including developing a model of multilevel governance;

<sup>(1)</sup> Including Title XVIII of the Treaty on the Functioning of the European Union (TFEU).

<sup>(2)</sup> Like other instruments, such as the European Grouping of Territorial Cooperation (EGTC), the Interreg programme or the European Neighbourhood Instrument.

### The Carpathians as a specific European macro-region

6. points out that the Carpathians cover 190 000 km<sup>2</sup>, making them the second largest mountain region in Europe after the Alps, and have a population of around 68 million. The Carpathians represent a homogeneous mountain range with specific development challenges and possibilities in view of their geographical characteristics;

7. highlights the unique resources of the Carpathians, such as the natural wealth, unique multicultural heritage, human resources and common identity of mountain communities, all of which provide a great opportunity to work together towards more dynamic, sustainable and balanced socioeconomic development in the area;

8. stresses that the Carpathians are an area of exceptional importance given the high level of biodiversity and the state of conservation of the natural environment, which is unique at European level. It is a source of European heritage that should be protected for future generations, and that entails the obligation to seek appropriate pathways for economic development that allow this heritage to be preserved and protected. It is therefore necessary to coordinate the actions of entities at all levels of governance in this field, taking into account the cross-border nature of environmental issues;

9. recognises the potential of the centuries-old neighbourhood of Carpathian societies and the rich culture of mountain regions that stems from being at the crossroads of influences from East and West, of shared historical experiences and pastoral traditions. Current initiatives in preserving and popularising shared cultural heritage<sup>(3)</sup> demonstrate the significant potential that unites local communities. Respecting the rights of ethnic minorities and preserving their cultural heritage is highly important in the Carpathian region;

10. notes that a significant part of the Carpathian macro-region is made up of the poorest regions of Member States and the GDP indicator per capita in most of them is below 50 % of the EU average. Their development capacity is limited by their peripheral location in relation to European development centres, poor development of communications links due to conditions of mountainous terrain and historically inherited barriers in the form of borders. Another factor is the lack of infrastructure resulting from many years of underinvestment and processes of economic transformation, as well as neglect of development potential;

11. recognises that it is necessary to highlight the specific needs of Carpathian mountainous regions and take advantage of the specific endogenous potential of the macro-region. Carpathian countries and regions adopting partnership cooperation will enable actions to be better adapted to the specific development circumstances and needs that arise from their social, historical, infrastructural and geopolitical conditions;

12. considers that the European Commission placing the Carpathian issue at the centre of a strategic document would highlight the problems of this area and make it possible to exploit the currently dormant and unique potential of the whole macro-region by focusing actions on the most important horizontal problems and challenges;

13. points out that the Carpathians are a particularly important geopolitical region where strategic political and economic interests of Eastern and Western Europe intersect. This was even more the case after the 2004 EU enlargement, since the region now formed the eastern border of the whole EU;

14. points out that the Carpathian macro-region covers not only EU Member States, but also Moldova, Serbia and Ukraine, which makes it possible not only to increase integration between EU countries but also influence neighbouring countries by including them in more in-depth cooperation;

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(3) Examples could be projects carried out within current ETC programmes, including programmes carried out by local authorities and NGOs.



### Establishing the macro-regional strategy for the Carpathian region

15. recognises the range of initiatives undertaken at various levels and by many groups to create a macro-regional strategy for the Carpathian region (Carpathian strategy) <sup>(4)</sup>, the result of which is the accepted declarations of support for the idea of creating it <sup>(5)</sup>. It is worth noting that these initiatives are undertaken at the level of governments, national parliaments and regional and municipal authorities as well as local communities;

16. is satisfied that all documents have been adopted on the basis of dialogue between specific stakeholders in the future strategy as well as taking into account its trans-national, interregional and local nature. This points to the complementarity of actions taken, which in future may be the condition for success of the macro-regional strategy for the Carpathian region;

17. commends the actions undertaken to implement the 2003 Framework Convention on the Protection and Sustainable Development of the Carpathians (Carpathian Convention) which is a multi-party international agreement on the Carpathian region established on treaty principles of international law. The parties to the convention are obliged to cooperate and pursue comprehensive policy for protection and sustainable development of the Carpathian region, also taking into account objectives and provisions of the Convention in their own sectoral policies (for example, concerning spatial planning, agriculture, forestry, transport and tourism), better coordination of these policies and applying integrated approach principles to management of land resources;

18. notes that the Carpathian Convention is a multi-sectoral management mechanism covering the Carpathian region that enables inter-sectoral integration and widespread participation of stakeholders from various levels (national, regional, non-governmental, etc.) The multi-level cooperation standards that have been developed and have resulted in five thematic protocols on the Carpathian Convention <sup>(6)</sup> can be used as an important part of further cooperation <sup>(7)</sup>;

19. commends the experience and achievements of the Carpathian Euroregion, which was established in 1993 as a socio-political initiative supported by the governments of Carpathian countries and is the oldest organisation supporting the socioeconomic development of this region. Over 26 years of experience have shaped the cross-sectoral, international and specialised cooperation structure that includes over 1 000 entities;

20. notes that the European Committee of the Regions created the Carpathian interregional group in February 2016, involving representatives of local and regional authorities from the relevant countries interested in developing a macro-regional strategy for the Carpathian region;

21. refers to its opinion on Macro-regional strategies, such as the Danube: a framework for promoting transnational clusters <sup>(8)</sup> in which the CoR advocated the creation of a Carpathian strategy and expressed the belief that creating a macro-regional strategy for the Carpathian region would be an excellent complement to the existing initiatives such as the Carpathian Convention and the Carpathian Euroregion and would make it possible to exploit the existing potential of cooperation of authorities at all levels;

22. points out that the main objective of the Carpathian strategy would be to preserve the area's high nature value, and to boost the competitiveness and attractiveness of the Carpathian macro-region on the basis of its unique natural and cultural heritage, internal sustainable development potential and creating a competitive advantage. It is therefore a question of increasing the standard of living and quality of life of the population of the Carpathian region while preserving the unique ecological assets of the Carpathians;

<sup>(4)</sup> The topic of the Carpathian strategy was mentioned at the Europe of the Carpathians conferences that have been organised since 2011. As part of the Economic Forum in Krynica, panel discussions take place which are dedicated to the Carpathian strategy with the participation of international partners representing parliaments, governments and regions. Examples of local and regional government initiatives include: organising the International Carpathian Cooperation Forum, the Carpathian Days of Neighbourhood Community, numerous conferences and meetings.

<sup>(5)</sup> In September 2018 representatives of governments from Hungary, Slovakia, Ukraine and Poland signed the Declaration of Intent to Create the EU Macro-Regional Strategy for the Carpathian Region.

<sup>(6)</sup> The Protocol on Conservation and Sustainable Use of Biological and Landscape Diversity – 2008, Bucharest; Protocol on Sustainable Tourism – 2011, Bratislava; the Protocol on Sustainable Forest Management – 2011, Bratislava; The Protocol on Sustainable Transport – 2015, Mikulov and the Protocol on Sustainable Agriculture and Rural Development – 2017 Lillafüred.

<sup>(7)</sup> Cooperation within the Carpathian Convention, in which the seven Carpathian countries – the Czech Republic, Hungary, Poland, Romania, Serbia, Slovakia and Ukraine – are parties, is an important element in the process of European integration, as alongside the EU Member States, it also includes two countries directly bordering the EU: Serbia and Ukraine.

<sup>(8)</sup> CoR Opinion 6422/2018 – Macro-regional strategies, such as the Danube: a framework for promoting transnational clusters, rapporteur: Dainis Turlais (LV/ALDE).

23. takes the view that one issue that should be addressed as a matter of urgency is depopulation and the ageing population in the Carpathian region; therefore, developing the provision of basic social services in the Carpathian area, particularly those related to access to education, health and social inclusion, should be a key aspect of the cooperation within a Carpathian macro-regional strategy;

24. notes that the actions proposed in the strategy should focus on strengthening sustainable and economic cooperation in the strategic macro-regional sectors: clean industry, sustainable tourism and an agri-food sector through the development of Carpathian clusters and the macro-regional innovation ecosystem. The proposed actions should focus on effective use of local resources, including through certification and the introduction of a common Carpathian brand for products, and the shared potential of Carpathian countries and regions and strengthen the bringing of areas with less favourable socioeconomic conditions into the development process to improve the competitiveness of the macro-region as a whole;

25. stresses that the environmental value of the Carpathian region is an integral part of the development of the macro-region. Improving macro-regional cooperation to protect and preserve the natural environment, manage natural risks, mitigate and adapt to climate change and its association with management of reproductive material through sustainable forest management and carrying out educational activities to increase ecological awareness will help improve the quality of the environment in the region. Coordination of actions throughout the Carpathian region will allow for economies of scale;

26. considers that the whole Carpathian mountain area must play an active role and make a major contribution to the European Union's climate change policy with the common aim of following through on the commitments made under the Paris Agreement. We underline the imperative of preserving Carpathian forests given the valuable role they play in reducing CO<sub>2</sub> and their importance in the process of water retention, soil protection and conservation of biodiversity;

27. believes that undertaking initiatives to increase the competitiveness and innovativeness of the region must be connected to making it more accessible. Actions cannot take place in other areas without sustainable transport and digital and social infrastructure. Joint actions in this area will help open up the Carpathian region and strengthen its internal cohesion, including strengthening cross-border connections;

28. points out that spatial planning and cooperation within the region are important elements of comprehensive development of the Carpathian region. The quality of the actions of institutions, including local authorities, is a factor determining the quality of cooperation, and therefore the prospects for the macro-region's development. The strategy should make particular reference to the specificities of the networks of Carpathian settlements (i.e. the large number of small towns located in valleys), as well as the traditional pastoral communities living at higher altitudes that have been weakened by socioeconomic changes in recent decades). It is important to develop the functional ties between Carpathian mountain areas and surrounding areas and to strengthen urban centres;

29. referring to its previous opinion <sup>(9)</sup>, notes that the macro-regional strategy for the Carpathian region will help complement actions undertaken within the existing Danube strategy, as it takes into account the specificities of the mountainous Carpathian region. The Committee points out that the strategy for the Danube region (EUSDR, 2010) is currently the largest macro-regional strategy in the EU in terms of area and part of this area is covered in the strategy for the Alpine region (EUSALP, 2016) and the strategy for the Adriatic-Ionian region (EUSAIR, 2014), which does not lead to adverse effects. The Committee believes that it will be similar for the Carpathian strategy;

30. reiterates and confirms the approval expressed many times in its opinions <sup>(10)</sup> of the initiative to develop a macro-regional strategy for the Carpathian region and sees it as a well-developed initiative undertaken at all levels of government – European, national, regional and local;

31. recalls the Council's appeal for renewed political impetus for macro-regional strategies and its readiness to analyse initiatives that aim to establish new strategies <sup>(11)</sup>;

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<sup>(9)</sup> CoR Opinion 6422/2018.

<sup>(10)</sup> Including opinions such as: Macro-regional strategies, such as the Danube: a framework for promoting transnational clusters, CoR 6422/2018; The implementation of EU macro-regional strategies, CoR 2554/2017; the opinion on the future of cohesion policy (2017/C 306/03).

<sup>(11)</sup> COM(2019) 21 final – doc. 5927/19 + ADD 1.

32. calls on the European Commission to support the initiative to create a macro-regional strategy for the Carpathian region as a further macro-regional strategy and the second one to address a European region with mountainous characteristics;
33. considers that the macro-regional strategy instrument enables more effective use to be made of available financial resources as part of the European Territorial Cooperation (ETC) objective, by creating a viable system for co-financing and implementing actions supporting the regions of Carpathian countries. This will also improve their access to sources of European funding <sup>(12)</sup>;
34. acknowledging the positive impact of the Carpathian Convention, the importance of its objectives and their convergence with the EU's priorities, calls on the European Commission to take action towards the EU joining this Convention as a party, and points out that the EU is already a party to the Alpine Convention.

Brussels, 4 December 2019.

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

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<sup>(12)</sup> Taking account of the conclusions of the European Council and the European Committee of the Regions' own opinions, including CoR opinion 2017/C/306/03, which calls for the basis for European Structural and Investment Funds to be an approach aimed at specific areas, indicating that EU policy and interventions should focus on problems affecting specific areas for which the socioeconomic structural situation justifies, under TFEU, adopting specific measures.

## Opinion of the European Committee of the Regions – The potential of the rail sector in delivering EU policy priorities

(2020/C 79/04)

**Rapporteur:** Pascal MANGIN (FR/EPP), Grand Est Regional Councillor

### POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS,

1. highlights the contribution of the rail sector, and the potential of regional and local rail lines in particular, to several of the Union's overarching policy priorities, namely decarbonisation and climate change mitigation, territorial, economic and social cohesion, internal market and free movement of persons and goods, as well as sustainable mobility;
2. highlights the role of the transport network as the backbone of EU economy – and the potential of the rail network for connecting the main transport routes with the Union's peripheral regions and territories while also contributing to the greening of EU logistics distribution by promoting the shift of long-distance freight from road to rail; emphasises that, in this context, while networks considered to be of 'priority interest' must be permanently promoted, the role of secondary regional lines must also not be overlooked;
3. points to the opportunities offered by the rail sector for skilled and stable employment with an even distribution of jobs across the EU's territory and to the positive spillover effect for other sectors of the economy;
4. calls for measures to further optimise these contributions in the context of the European Green Deal, responding to citizens' concerns in these areas;
5. highlights the importance of multimodality for a sustainable EU mobility system – drawing on the strengths of each transport mode – and the need for sustained efforts to ensure a level playing field, notably through internalisation of external costs;
6. notes that railways have the potential to become the most critical component of mobility. They will need to fully embrace digitalisation and automation so as to ensure services up to and including the last mile in the passenger and freight sectors; and thus contribute to the shift towards a more sustainable transport system;
7. calls on the European Commission to ensure the proper implementation of the existing rail regulatory framework;
8. points to the role of stations as vectors of culture and service centres and to the success of rail travel schemes such as #DiscoverEU for promoting EU culture and heritage;

### Territorial cohesion

9. notes that, in addition to responsibility for public transport services on their territories, Local and Regional Authorities (LRAs) are also tasked with fostering greater territorial cohesion between urban and rural areas. In the context of the Union's commitments under the Paris Agreement, LRAs are implementing solutions for a more sustainable transport sector, which will be critical in achieving the goal of a sustainable Europe by 2030;

10. considers that railways have a major role in several of the Union's overarching policy priorities and to start with the implementation of the Sustainable Development Goals through the new European Green Deal outlined in the Political Guidelines of European Commission President von der Leyen. In particular, they contribute to reducing the disparities between cities and peri-urban regions as well as between rural and urban areas;

11. pointed out in its opinion CDR 18/2017 that the necessary infrastructure must be put in place, in those regions where rail is less developed, so that citizens and companies can make use of rail transport under the same conditions as in the rest of the EU, with a view to creating a Single European Railway Area, unless other transport solutions exist that are more sustainable and generally less costly for users and the wider community;

12. points out that, while current EU policy objectives state that the Core Network Corridors (CNCs) and Rail Freight Corridors should constitute the main axes for the development of intermodality across the EU, the research report prepared for the European Parliament's TRAN Committee on modal shift emphasises that connectivity is not evenly distributed across EU regions. The report stresses, in particular, the need to ensure that the whole EU territory has the opportunity to be connected to the rail network 'in accordance with the principle of cohesion and accessibility [...], and based on clear indicators of demand levels and socioeconomic conditions of the catchment area' <sup>(1)</sup>; In order to achieve the objective of ensuring sufficient connectivity in Europe, not just the Core Network Corridors but also the secondary corridors should be financed from EU funding;

13. highlights the importance of cross-border rail links, including those of regional relevance. Given their specific contribution to territorial cohesion, these should be taken into account by the EU, including through funding via EU programmes;

### **Economic and social cohesion**

14. notes, with regard to cohesion, that employment in the rail sector is considerably dispersed across the Union's regions, ranging from operators and infrastructure managers, to suppliers and manufacturers, and maintenance, safety and security services. Studies estimate sector employment at 2,3 million people and 4 million when wider economic effects are taken into account <sup>(2)</sup>. Owing to both sectoral and operational commitments, the rail sector is a socially responsible employer which promotes the development of skilled labour and serves as a catalyst for sustainable growth at local, national and EU level;

15. calls for a close partnership between the Commission and the rail sector to address the questions of training, recruitment and attractiveness of rail sector professions for young adults in particular, and to consider professionals performing inspection tasks as authority officers at European level, with a view to limiting attacks on those with this status by ensuring that national penal codes include penalties;

16. points out that the rail industry will see an increasing demand for ICT and cybersecurity professionals in line with increasing digitalisation and automation of the sector. Such developments will have positive spillover effects on other economic sectors with one job created in the railway industry generating an additional 0,52 jobs in other sectors, mainly in SMEs <sup>(3)</sup>;

17. notes that the rail sector is also affected by the skills gap and confronted with changing skill requirements in certain sectors in the context of digitalisation and automation <sup>(4)</sup>;

18. points to the benefits of structured rail-sector trainee schemes – with regard to both existing and emerging rail-sector professions, which could be established in association with vocational education providers and secondary schools and supported by EU funds for upskilling/reskilling in the context of the transition to increased digitalisation and automation of certain professions <sup>(5)</sup>;

<sup>(1)</sup> [http://www.europarl.europa.eu/RegData/etudes/STUD/2018/629182/IPOL\\_STU\(2018\)629182\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2018/629182/IPOL_STU(2018)629182_EN.pdf)

<sup>(2)</sup> ERRAC (European Rail Research Advisory Council): [https://errac.org/wp-content/uploads/2019/03/122017\\_ERRAC-RAIL-2050.pdf](https://errac.org/wp-content/uploads/2019/03/122017_ERRAC-RAIL-2050.pdf)

<sup>(3)</sup> <http://www.esce.at/ecodev/wp-content/uploads/2016/04/2013-Der-%C3%B6konomische-Fu%C3%9Fabdruck-des-Systems-Bahn-Folder.pdf>

<sup>(4)</sup> [https://ec.europa.eu/transport/modes/rail/market/market\\_monitoring\\_en](https://ec.europa.eu/transport/modes/rail/market/market_monitoring_en)

<sup>(5)</sup> <http://data.consilium.europa.eu/doc/document/ST-15431-2017-INIT/en/pdf>

19. highlights that one important aspect is the low representation of women in rail sector employment. According to the 2019 RMMS study <sup>(6)</sup>, the percentage ranges from 8 to 49 % across the EU, with only four Member States exceeding 30 %. Making rail sector professions in the EU more attractive to women could help reduce recruitment bottlenecks. The Committee of the Regions points to the output of the EU Platform for change and their list of good practices <sup>(7)</sup> to address these imbalances. A combination of measures taken by companies, measures at sectoral level and policy actions is necessary;

### **The special role of passenger stations as cultural platforms**

20. reiterates the headline message of its opinion CDR 185/2018 <sup>(8)</sup> and points to the role of stations in this context, noting ‘that cultural heritage in its diverse forms is a major asset for Europe: it is a resource with the potential to become a key lever for more cohesive and sustainable regions in the EU that can help strengthen identity in a region as well as in Europe as a whole, and particularly embodies the EU’s motto of “United in diversity”’;

21. notes that, in addition to conveying passengers, stations are important vectors of culture and provide an extensive outreach network. They are therefore perfectly suited to conveying culture and opening up cultural opportunities to a wider audience, contributing to quality of life and social cohesion. This is particularly the case in medium-sized towns and cities, where stations are a source of untapped potential as alternative cultural venues to museums or festivals;

22. therefore encourages station managers and LRAs to enhance cultural initiatives in stations and make the best use of existing schemes such as the EU Prize for Contemporary Architecture <sup>(9)</sup>, possible cooperation with the European Route of Industrial Heritage (ERIH) in promoting awareness of EU cultural heritage and diversity <sup>(10)</sup>, the EU Network of Creative Hubs which includes some transformed stations, nominations for EU contemporary architecture awards, and the EU Creative Europe Programme which is available for projects involving more than three Member States wishing to promote specific aspects of culture;

23. considers that the current success of the #DiscoverEU programme <sup>(11)</sup> should not be taken for granted. This scheme has allowed 30 000 young Europeans to travel free of charge for one day to one month by rail. It therefore suggests launching a joint initiative bringing together the #DiscoverEU programme of the European Commission, the rail sector and the CoR which could aim to connect the Interrail trips made by young people with a programme of events in Europe’s cities and regions focusing on local train stations and their surroundings from a cultural point of view and/or for technical field visits so that young people would learn more about railways;

24. points out the increasing popularity of night trains, particularly among young people, and the need to relaunch these services on certain main European routes as part of the green transition. It notes that the international arts festival EUROPALIA will dedicate its 2021 edition to the influence of railways on the arts and suggests that the contribution of night trains and their resurgence should be highlighted on this occasion. It also calls on railways to increase their contribution to sustainable tourism by stepping up cooperation with travel agencies and other modes of transport;

### **European Green Deal**

25. notes that the EU has repeatedly affirmed its objective for its industries to be world leaders in innovation, digitisation and decarbonisation. Decarbonisation and climate-change mitigation have been placed at the very top of the new Commission’s political priorities as part of the ‘European Green Deal’. This is why fresh and balanced proposals from the Commission are urgently needed and should be presented in the 100 days after the start of the new Commission. The Commission should indicate what financial resources are needed to achieve the decarbonisation targets;

26. takes due note of the growing popular movements such as ‘flight shaming’ or the strikes for the climate, and is convinced that these can help induce a modal shift only if railways offer a true alternative to more polluting modes at an affordable price. This depends on contributions from LRAs and public authorities but also on the capacity of the sector to be even more environmentally friendly;

<sup>(6)</sup> [https://ec.europa.eu/transport/modes/rail/market/market\\_monitoring\\_en](https://ec.europa.eu/transport/modes/rail/market/market_monitoring_en)

<sup>(7)</sup> [https://ec.europa.eu/transport/themes/social/women-transport-eu-platform-change\\_en](https://ec.europa.eu/transport/themes/social/women-transport-eu-platform-change_en)

<sup>(8)</sup> Social Policy, Education, Employment, Research and Culture.

<sup>(9)</sup> [https://ec.europa.eu/programmes/creative-europe/actions/architecture-prize\\_en](https://ec.europa.eu/programmes/creative-europe/actions/architecture-prize_en)

<sup>(10)</sup> <https://www.erih.net/>

<sup>(11)</sup> <https://europa.eu/youth/discovereu/>

### Environmental performance and implementation of the polluter pays principle

27. notes that the transport sector is responsible for 27 % of greenhouse gas emissions in the EU. Its current policy aspirations are set out in the Commission's Low-Emission Mobility Strategy adopted in 2016, which was followed by three legislative 'Mobility Packages'. As regards the rail sector, its emission rates are by far the lowest of all transport modes. Moreover, rail is the only transport sector whose overall emissions are in decline <sup>(12)</sup>, despite increasing transport volumes;

28. points to the 2019 study by CE Delft <sup>(13)</sup> on the internalisation of external costs. It shows that rail excels in covering its variable infrastructure costs and externalities like air pollution, CO<sub>2</sub> and noise through charges, with smaller cost-coverage gaps in euros per passenger-km or tonne-km than other modes;

29. considers that the environmental performance of railways would be even bigger if railways would address their main shortcomings through a more systematic deployment of longer and heavier freight trains, rolling out of more silent trains, by incentivising retrofitting of wagons with composite brake blocks and through the use of clean and efficient energy;

30. considers that railways should also work intensively on alternatives to noxious products such as glyphosate or creosote that are used on many kilometres of track;

31. welcomes the fact that major railway players have committed to climate neutrality by 2050 but considers that such an objective is within reach in a closer future;

32. considers that legislators can contribute to such an objective by implementing the polluter pays principle. The Committee of the Regions recalls its opinion CDR 18/2017 <sup>(14)</sup> stating that 'all transport modes should contribute, in proportion to the amount they pollute, to the external costs that they cause, following the polluter pays principle' and that 'modal shift solutions involving low-emission mobility should receive high priority, for instance, by reconsidering hidden or open subsidies to road transport';

33. calls for a review of the current VAT exemptions provided for by Council Directive 2006/112/EC <sup>(15)</sup> under which all Member States apply VAT exemptions for cross-border aviation but not for cross-border rail. Amendments to the Directive would enable Member States to apply VAT rates for cross-border passenger transport services in a more sustainable manner. Draws attention in this context to the European Citizens' Initiative for 'Ending the aviation fuel tax exemption in Europe' <sup>(16)</sup>; it also notes the commitments made by Mr Timmermans, executive vice-president for the European Green Deal, on the need to review the tax treatment of certain transport fuels to bring this more in line with the EU's climate objectives;

34. regarding the review of the Energy Taxation Directive (2003/96/EC) <sup>(17)</sup> announced by President von der Leyen, calls for the discontinuation of mandatory tax exemptions for aviation and maritime shipping (while such exemptions are optional for energy products and electricity used for goods and passenger transport by rail, metro, tram, etc.) as a further measure to encourage modal shift towards more sustainable transport modes;

### Attractiveness of railways and modal shift

35. believes that modal shift will also be encouraged by the enhancement of reliability and comfort of trains. Stations are a full part of the comfort of travelling. Persons with Reduced Mobility should also benefit from this additional quality of service on board and at stations; night trains across longer distances are offering an increasingly credible solution because passengers are increasingly looking for sustainable travel alternatives. The railway sector (railway undertakings and infrastructure managers) can play its part in this movement by providing attractive prices, comfortable trains and suitable train paths;

<sup>(12)</sup> [https://www.eea.europa.eu/data-and-maps/daviz/share-of-transport-ghg-emissions-1#tab-chart\\_1](https://www.eea.europa.eu/data-and-maps/daviz/share-of-transport-ghg-emissions-1#tab-chart_1)  
[https://www.eea.europa.eu/data-and-maps/daviz/specific-co2-emissions-per-tonne-2#tab-chart\\_1](https://www.eea.europa.eu/data-and-maps/daviz/specific-co2-emissions-per-tonne-2#tab-chart_1)

<sup>(13)</sup> <https://ec.europa.eu/transport/sites/transport/files/studies/internalisation-state-of-play-isbn-978-92-76-01413-3.pdf>

<sup>(14)</sup> OJ C 342, 12.10.2017, p. 57

<sup>(15)</sup> Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347, 11.12.2006, p. 1).

<sup>(16)</sup> <https://www.fairosene.eu/>

<sup>(17)</sup> Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity (OJ L 283, 31.10.2003, p. 51).

36. points out that railways offer a good combination of speed, safety, comfort, efficiency and environmental performance. Still road accounts for more than 50 % of freight transport and rail 12 %. For passengers, despite a certain increase in numbers in recent years, railways still have less than 10 % of market share on average. LRAs have an important role to play in driving discussions with both public and private operators concerning funding and solutions, in order to develop attractive transport services. To this end, the CoR calls on the European Commission to promote rail motorways and promote the public funding of their terminals and rolling stock as an optimised modal shift option that will help to greatly speed up the decarbonisation of freight transport;

### **Digitalisation, innovation and industrial policy**

37. believes that experiences from the two giant French and German rail operators tend to prove that railways should refocus on their core business: heavy rail. A proper industry strategy coupled with digitalisation will help put more trains on the tracks;

38. recommends, in connection with digitalisation:

- ERTMS should be deployed at a fast pace to better combine additional capacity and safer transport;
- digitalisation should be developed at intermodal level in order to optimise the performance of the transport sector as a whole. Services for PRM or any type of disability (physical, sensory or psychological) should be treated with particular attention;
- to enhance customer care and offer passengers high-performing data connection and internet access, 5G should be used to the full;
- 'Digital Freight Trains' should rapidly be rolling. They will gather information on the status of goods and the train itself (temperature, shocks, security alerts etc.); sharing them onboard and with trackside control centres;
- quick scaling up of predictive maintenance of both rolling stock and infrastructure via large scale adoption of remote wireless connected sensors (IoT) for detecting temperatures, pressures, vibrations, security alerts in critical points and in real time, automatic collection and organisation of all those sensors' data, immediate analysis by automatic systems based on Artificial Intelligence;

39. emphasises that the potential of integrated ticketing and MaaS depend on the transport players making their data easily accessible to the rest of the ecosystem. Guidelines should be established at EU level to encourage railways to further open their data. They can contribute to the development of smart cities. In parallel, LRAs shall develop new competences in producing, exchanging and managing public data;

40. stresses that integrated ticketing systems must be compatible with each other, reducing the risk of internal market fragmentation;

41. believes, in the light of the significant impact of digitalisation and automation on processes and services involving LRAs over the years ahead, that securing a successor to the Shift2Rail Joint Undertaking in the next MFF is of the utmost importance. Each partner, the EU and the rail sector, will have to keep its financial effort and the latter should take this occasion to develop more multi-partner projects on a European scale involving SMEs;

42. points out that, in exchange, Shift2Rail will have to live up to its promises: reducing by 50 % the life-cycle cost of rail systems (developing, operating and renewing infrastructure and rolling stock); doubling the capacity of the rail system; increasing the punctuality and reliability of rail services by 50 %; removing remaining obstacles in terms of interoperability and efficiency; and reducing negative externalities such as noise, vibrations and emissions; also ensuring the promotion of universal accessibility, beyond mere compliance with the relevant national regulations in force;

### **Intramodal competition**

43. notes that net gains from further market opening, greater open tendering for public service contracts and continued unbundling are estimated in the range of EUR 18 billion to 32 billion over the period from 2019 to 2034. Therefore the CoR calls on the Commission and the European Agency for Railways to ensure a proper implementation of the 4th Railway Package so as to reap the benefits of market opening and simplification of rules;



44. notes that the competent authority or competent authorities that awarded the public service contract may call for an economic equilibrium test to be run by the Regulatory Body to ensure that a new rail service does not put an existing public service at risk. Strengthening of regulatory bodies is also critical to a better performing railway ecosystem. To that end their independence and power need to be safeguarded;

45. points out that LRAs are also an important player in the rolling stock market and can help new entrants gain access to a fleet. This should go in parallel with a more dynamic market for second-hand rolling stock at EU level both for passengers and for freight. Incumbent railway undertakings have a responsibility in this respect as they are the main owners of rolling stock;

### **Intermodality/Multimodality**

46. highlights that it will be increasingly important for the whole railway system to reason in terms of mobility and not only rail transport. Passengers in the EU's territories now expect multimodal door-to-door services and are quick to experiment with new modes of transport (car sharing, electric scooters, public transport, etc.). By taking full account of the concept of Mobility as a Service and the potential for integration with other transport modes up and including the last mile, the rail mode could increase its market share;

47. points out that the creation of a European mobility identity has been floating under the Juncker Commission. The CoR wishes for the new Commission to further investigate the technological and legal ways to make it a reality. It constitutes a very ambitious and sophisticated project whereby a unique device/card would centralise:

- profile details including evidence for PRM and driving licences;
- a means of payment and a paperless ticket for all modes of transport;
- an account to receive compensation for violations of passenger rights;
- a tool to calculate the carbon footprint of one's mobility;

48. calls upon the Commission to address barriers to be alleviated, notably passenger guarantees against missed connections or provision of information; particularly passengers travelling between different Member States on connecting trains are often not as aware of their rights as, for example, aviation passengers;

49. considers that investments in rail freight should focus on last-mile bottlenecks. It does not only apply to urban nodes, but also to rail connections in ports. Freight in capacity planning needs to be prioritised; In addition, the CoR calls for an increase of European funding sources aiming at the development of intermodal transport centres and the creation of hubs, which require large-scale investments;

50. regrets that the interinstitutional negotiations on the Combined Transport Directive (92/106/EEC) <sup>(18)</sup> could not be completed before the institutional renewal earlier in 2019 and hopes that these will be resumed from autumn 2019;

51. considers that the possibility of a general block exemption for investment in intermodal logistics platforms should be raised. This would be an important simplification measure for LRAs. However, a prerequisite to such an exemption is that railways refrain from cross-subsidies. It will help convince decision-makers that State aid rules should keep promoting railways as opposed to more polluting modes of transport, in line with the 2008 Community Guidelines on State aid for Railway Undertakings <sup>(19)</sup>;

### **Rail safety and security**

52. emphasises that safety is part of the railway DNA and can still be further improved in line with necessary interoperability improvements. ATO, ERTMS, predictive maintenance and cybersecurity will be the digital arm of such an improvement, as is the elimination of level crossings;

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<sup>(18)</sup> Council Directive 92/106/EEC of 7 December 1992 on the establishment of common rules for certain types of combined transport of goods between Member States (OJ L 368, 17.12.1992, p. 38).

<sup>(19)</sup> <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2008:184:0013:0031:EN:PDF>

**Trade**

53. highlights the importance of a balanced approach vis-à-vis the ten action points agreed on relations with China submitted to the European Council of March 2019 (EU-China – A strategic outlook) <sup>(20)</sup>;

54. supports the need recognised in the Communication for appropriate oversight to ensure that the EU's existing capacity and future potential with regard to highly-skilled production (and the corresponding employment opportunities across the EU's territories) is not unduly undermined by competitive distortions at international level (access to construction markets, operation of rail services, etc.);

55. points out that (i) Action 6 of the Strategic Outlook Communication calls on the European Parliament and the Council to adopt the International Procurement Instrument before the end of 2019, (ii) the European Commission indicated that guidance would be published by mid-2019 on the participation of foreign bidders and goods in the EU procurement market, and (iii) the Commission is due to identify before the end of 2019 how to fill existing gaps in EU law;

56. with regard to public procurement in the rail sector, highlights the relevance of applying the MEAT (most economically advantageous tender) principle, as set out in the EU's 2014 Public Procurement package, and calls upon the Commission to provide guidelines on the use of the MEAT principle. At the same time, the public procurement process must guarantee incorporation of economic, social and environmental improvements into the specifications.

Brussels, 4 December 2019.

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

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<sup>(20)</sup> <https://ec.europa.eu/commission/sites/beta-political/files/communication-eu-china-a-strategic-outlook.pdf>

**Opinion of the European Committee of the Regions – Improving administrative capacity of local and regional authorities to strengthen investments and structural reforms in 2021-2027**

(2020/C 79/05)

**Rapporteur:** Manuela BORA (IT/PES), Member of the Marche Regional Council and Regional Minister

**OPINION**

THE EUROPEAN COMMITTEE OF THE REGIONS,

**Ensuring adequate administrative capacity for EU cities and regions: the challenge**

1. stresses that administrative capacity is a key element for the successful implementation of investments and reforms necessary for achieving long-term EU policy objectives. After the expiry of the Europe 2020 Strategy, these long-term objectives should be framed by the implementation of the Sustainable Development Goals, which should also take precedence over economic governance schemes relevant to administrative capacity such as the European Semester process. Also stresses the significant relevance of strengthening administrative capacity of local and regional authorities (LRAs) with regard to the environmental and climate-related challenges to be addressed when implementing the new Green Deal;
2. notes that local and regional authorities (LRAs) are relevant actors in the division of powers within Member States and that they are responsible for more than half of public investment in the EU while having a considerable triggering impact on private investment; underlines that improved administrative capacity of LRAs would favour more effective implementation of place-based public policies, which are a prerequisite for citizens' trust in local, regional national and EU institutions;
3. highlights that, since January 2017, at least 38 CoR opinions and resolutions have addressed the need to strengthen the administrative capacity of the LRAs in many areas, including cohesion policy, EFSI/InvestEU and the single market programme <sup>(1)</sup>; also draws attention to its resolution of 9 October 2019 on the European Semester and in view of the 2020 Annual Growth Survey (AGS) <sup>(2)</sup>;
4. emphasises that 12 % of all sub-recommendations included in the 2019 country-specific recommendations (CSRs) address challenges concerning the administrative capacity of LRAs <sup>(3)</sup> in 17 Member States;
5. considers that improving administrative capacity is a systemic challenge. It relates to: (a) human resources (including understaffing, difficulties in covering highly qualified positions, insufficient in-house technical competences, insufficient reward to merit, lower salaries than in the private sector, training needs of civil servants in relation to digital skills, the ability to perform highly qualified and technical tasks and knowledge of the EU functioning and funding opportunities); (b) systems and procedures; and (c) networking with external actors;

<sup>(1)</sup> Plus many others, including the SDGs, the Environment Action Programme, smart villages, macro-regional strategies, the EGF, Erasmus+, Digital Europe (with its digital hubs), smart specialisation strategies, effort sharing and the LULUCF Regulation, the Asylum and Migration Fund, artificial intelligence for Europe, the blue economy, and the full implementation of the Paris Agreement on climate change at country level.

<sup>(2)</sup> <https://memportal.cor.europa.eu/Handlers/ViewDoc.ashx?doc=COR-2019-03856-00-00-RES-TRA-EN.docx>

<sup>(3)</sup> CoR's territorial analysis of the country-specific recommendations  
(<https://portal.cor.europa.eu/europe2020/Pages/welcome.aspx#>)

6. notes that, in line with the principle of subsidiarity, the responsibility for the quality of public administration lies with the Member States and involves different levels of governance. The EU can however play a complementary role by approximating standards through legislation or coordination processes such as the European Semester, and by enabling the exchange of best practices and supporting efficiency and innovation in the public administration and administrative capacity building at all levels of government. Article 14 of the Treaty on the Functioning of the European Union could be a relevant legal basis for the quality of public administration in relation to services of general economic interest;

### Assessment of the current MFF

7. points out that, under the current MFF, capacity building for LRAs was supported by the EU through cohesion policy, the Structural Reform Support Programme and several other instruments and programmes <sup>(4)</sup>, including those managed by the EIB supporting LRAs' investments <sup>(5)</sup>;

8. regrets the lack of transparent information on the total amount and actual use of the <sup>(6)</sup> EU resources available for capacity building of LRAs, as well as on their overall impact, and calls on the Commission to provide this information as soon as possible; also suggests that the Annual Monitoring Report of the Structural Reform Support Programme include a permanent section on the involvement of LRAs as beneficiaries of the Programme;

9. notes that available information suggests that EU resources available for capacity building of LRAs under the current MFF were used to an insufficient extent considering the role of LRAs in the current division of powers and the number of CSRs addressed to LRAs <sup>(7)</sup>. With regard to the two programmes of which LRAs could also be direct beneficiaries, the information available shows that: (a) the LRAs obtained 15 % of capacity-building funding available under thematic objective 11 of the ESI Funds (TO11); and (b) ESIF technical assistance at the initiative of the Member States, which could also support capacity building linked to the use of the Funds, was not used in a significant way by LRAs;

10. it would be worthwhile incorporating additional elements into European funding regulations in order to facilitate the combining – beyond integrated projects – of various kinds of European funds within a single project;

11. underlines that the information available on the involvement of LRAs in the Structural Reform Support Programme (SRSP) is insufficient. According to unofficial estimates, only about 6 % of projects received under the SRSP concerned LRAs, a very low percentage considering that 55 % of all CSR are directly or indirectly addressed to LRAs; therefore regrets that LRAs can only access the SRSP through their national governments;

12. considers that obstacles for LRAs to the use of EU capacity-building support may include: lack of awareness of existing opportunities; lack of the skills necessary to apply for support; difficulties in co-financing; excessive administrative burden; and lack of support from national governments;

13. notes that gaps between Member States in the quality of the public administration seem to be 'slowly blurring' <sup>(8)</sup>; notes that EU cohesion policy played a role in this development, especially in the Member States in which the Funds represent one half or more of total public investment; stresses that technical assistance at the initiative of the Commission represented nearly half of its resources to improve capacity building at all levels for the management of the ESI Funds <sup>(9)</sup>;

<sup>(4)</sup> See the study commissioned by the CoR on Administrative capacity of local and regional authorities: Opportunities and challenges for structural reforms and a more effective European economic governance (<https://portal.cor.europa.eu/europe2020/Documents/publi-file/AdminCapacity/AdminCapacity.pdf>), as well as the EP study on 'Public Sector Reform: How the EU budget is used to encourage it' ([http://www.europarl.europa.eu/RegData/etudes/STUD/2016/572696/IPOL\\_STU\(2016\)572696\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2016/572696/IPOL_STU(2016)572696_EN.pdf)).

<sup>(5)</sup> <https://eiah.eib.org/index>

<sup>(6)</sup> 'Administrative capacity of local and regional authorities: Opportunities and challenges for structural reforms and a more effective European economic governance', Study commissioned by the CoR, October 2018 (<https://cor.europa.eu/en/engage/studies/Documents/Administrative-capacity/AdminCapacity.pdf>).

<sup>(7)</sup> See the documents mentioned in footnote 11.

<sup>(8)</sup> According to a recent EPRS review, based on findings of the 2017 European Quality of Government Index (EQI), eastern regions made significant improvement compared with the previous years, while some southern regions showed signs of decline ([http://www.europarl.europa.eu/think-tank/en/document.html?reference=EPRS\\_BRI\(2018\)628244](http://www.europarl.europa.eu/think-tank/en/document.html?reference=EPRS_BRI(2018)628244)).

<sup>(9)</sup> These initiatives are presented in this specific section of the Commission's cohesion policy webpages: [https://ec.europa.eu/regional\\_policy/en/policy/how/improving-investment/](https://ec.europa.eu/regional_policy/en/policy/how/improving-investment/)

14. highlights that the quality of public institutions may vary also *within* a country, as shown by the World Bank's Doing Business approach; also shares the European Parliament's view that 'especially in regions lagging behind, it often proves difficult to gain access to, or use, funding [for public sector reform], owing to red tape, administrative capacity issues or irregularities', and shares the Parliament's hope, therefore, that 'Member States will pursue internal reforms aimed at giving tangible effect to the principle of sound administration and expediting judicial proceedings' <sup>(10)</sup>;

15. stresses that the challenge of insufficient administrative capacity is sometimes compounded by procedures imposing excessive administrative burden; in this respect, notes its concern about the EU proposals for the e-services card, notification procedure and proportionality test included in the services package, as well as about additional administrative burden coming from EU and national public procurement legislation;

### **Proposals for action under the next MFF**

16. insists that adequate funding for capacity building (i.e. not less than during 2014-2020) should remain directly accessible to LRAs through policy instruments under shared management; suggests, therefore, that Article 32 of the proposed CPR for 2021-2027 or Article 2 of the proposed ERDF/CF Regulation envisage actions in all OPs aimed at building the capacity of public authorities and stakeholders at all levels and not exclusively relating to the management of the ESI Funds;

17. points to its opinions on the proposed CPR 2021-2027 <sup>(11)</sup>, which suggested that the flat rate for technical assistance in the ERDF and CF (Article 31) should be raised to 5 %, and on the next ERDF/CF <sup>(12)</sup>, proposing additional funding for capacity building, including in view of the need to localise the SDGs, and on the ESF+ <sup>(13)</sup>, aimed at bringing back thematic objective 11 for the post-2020 period;

18. underlines the importance of disseminating knowledge and good practices, such as Italy's plans for administrative strengthening <sup>(14)</sup>, the Covenant of Mayors for Climate and Energy, and Interreg Europe's interregional cooperation projects; welcomes the Commission's TAIEX-REGIO PEER 2 PEER initiatives, the integrity pacts and the pilot initiative, in cooperation with the OECD, calling for roadmaps to frontload administrative capacity building for post-2020;

19. its proposal to establish an Erasmus for local and regional elected representatives <sup>(15)</sup> could be relevant for improving administrative capacity;

20. public servants from local and regional authorities of the Member States should be encouraged to spend a period of time in the administrations of the various European institutions, bodies and agencies as part of the seconded national expert, national expert in professional training, and Erasmus public administration programmes;

21. stresses that national and regional co-financing of capacity-building programmes should be exempted from the deficit ceilings of the Stability and Growth Pact;

22. local and regional public administrations are required to implement the SDGs in their area; to this end, the CoR needs to support Goal 17, the global partnership goal. In an increasingly interconnected world, it is essential that we improve access to technology and boost the knowledge of local and regional authorities in order to exchange ideas and foster public innovation;

### **Better governance and simplification**

23. considers that the EU's long-term goal should be that of a sustainable improvement of LRAs' institutional and administrative capacity; underlines that this requires long-term planning, while there is a risk of trade-offs with Member States' short-term requests for technical assistance;

<sup>(10)</sup> <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P8-TA-2019-0012&format=XML&language=EN>

<sup>(11)</sup> Adopted on 5.12.2018 (<https://webapi2016.cor.europa.eu/v1/documents/cor-2018-03593-00-00-ac-tra-en.docx/content>).

<sup>(12)</sup> Adopted on 5.12.2018 (<https://webapi2016.cor.europa.eu/v1/documents/cor-2018-03594-00-00-ac-tra-en.docx/content>).

<sup>(13)</sup> Adopted on 5.12.2018 (<https://webapi2016.cor.europa.eu/v1/documents/cor-2018-03597-00-00-ac-tra-en.docx/content>).

<sup>(14)</sup> <http://www.pra.gov.it/cosa-sono/>

<sup>(15)</sup> Adopted on 31.1.2018 (<https://webapi2016.cor.europa.eu/v1/documents/cor-2017-01298-00-00-ac-tra-en.docx/content>).

24. reiterates that the Covenant of Mayors is a key tool for supporting local and regional authorities in the transition towards climate neutrality. Points however to the fact that lack of administrative capacity has been flagged as one of the major impediments to more successful implementation of the Covenant and in particular to local and regional authorities' ability to benefit from favourable financing conditions for energy efficiency renovation projects;

25. highlights the need for coordination and synergy between the existing EU-funded capacity-building instruments, as well as for transparent and timely monitoring and evaluation of such instruments; in this respect, reiterates its recommendation<sup>(16)</sup> that the Commission issue a single set of guidelines on capacity building applying to all relevant EU programmes;

26. regrets that the efforts made to move towards greater administrative simplification in the management of the funds have failed to achieve the expected results. This is a significant obstacle, which reduces the capacity of intermediate bodies and, in particular, the beneficiaries of the aid. In fact, recent studies estimate that the administrative costs amount to 3 % of the average programme costs for the ERDF and 2,2 % in the case of the Cohesion Fund;

27. stresses that chapters on capacity building *at all levels of government* should be included in the Annual Growth Survey, country reports and national reform programmes. An assessment of needs and related capacity-building policies at all levels of government would turn the national reform programmes into a strategic coordination tool; shares the European Parliament's proposal to reintroduce in the AGS a chapter dedicated to public administration and governance<sup>(17)</sup>;

28. considers that direct structured involvement of LRAs, or national organisations of LRAs, in the European semester, based on partnership and multilevel governance, would allow them to help assess capacity-building needs and set long-term goals and policies, strengthening their ownership and encouraging action. LRAs, or national organisations of LRAs, should be involved as full partners in the European semester through a legally binding European code of conduct<sup>(18)</sup>, even more so now that the semester gives guidelines for cohesion policy programming<sup>(19)</sup> through Annex D of the country reports. This would allow the LRAs to contribute, under the semester cycle, to successfully adapting EU policies to actual territorial disparities and specific challenges;

29. taking into consideration the European Commission's simplification proposals for the next period from 2021 to 2027 and regarding the implementation of cohesion policy through the combination of different EU funding sources, there is a need for an integrated approach involving joint planning, thus facilitating the use of different instruments, such as Integrated Territorial Investment (ITI) and Community-Led-Local-Development (CLLD), involving the local and regional authorities in the decision-making and implementation process;

30. shares the European Parliament's concern that 'the Commission has neither a standardised and shared assessment framework for public administration nor a method of systematic data collection' and asks the European Commission to develop these tools;

31. recommends that the new RSP can be directly accessible to LRAs and more focused on improving the quality of public administration and supporting capacity building at all levels of government; points to its recommendations that the governance of the RSP should be based on partnership and multilevel governance<sup>(20)</sup>; asks that a share of the RSP allocation be earmarked for projects requested by LRAs; recommends that, as long as Member States only access the Structural Reform Support Service through contact points at national level, applications from LRAs should be permanently encouraged and monitored;

<sup>(16)</sup> Opinion on the SRSP 2017-2020 adopted on 7.4.2016 (<https://webapi2016.cor.europa.eu/v1/documents/cor-2016-01214-00-00-ac-tra-en.docx/content>).

<sup>(17)</sup> EP resolution of 15 January 2019 on 'Assessing how the EU budget is used for public sector reform', [http://www.europarl.europa.eu/doceo/document/TA-8-2019-0012\\_EN.html](http://www.europarl.europa.eu/doceo/document/TA-8-2019-0012_EN.html)

<sup>(18)</sup> Opinion on Improving the governance of the European Semester: a Code of Conduct for the involvement of local and regional authorities, adopted on 11.5.2017 (<https://webapi2016.cor.europa.eu/v1/documents/cor-2016-05386-00-00-ac-tra-en.docx/content>).

<sup>(19)</sup> Opinion on the European semester and cohesion policy: aligning structural reforms with long-term investments, adopted on 10.4.2019 (<https://webapi2016.cor.europa.eu/v1/documents/cor-2018-05504-00-00-ac-tra-en.docx/content>).

<sup>(20)</sup> Opinion on the Reform Support Programme and European Investment Stabilisation Function, adopted on 5.12.2018 <https://webapi2016.cor.europa.eu/v1/documents/cor-2018-03764-00-00-ac-tra-en.docx/content>

32. underlines the importance of digitalisation and e-governance, including digital regional hubs and open data platforms, and shares the EP's view that 'within public administration innovation processes should be promoted so as to make for better connectivity, digitalisation and quality digital services' <sup>(21)</sup>.

Brussels, 4 December 2019.

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

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<sup>(21)</sup> EP resolution of 15 January 2019 on 'Assessing how the EU budget is used for public sector reform', [http://www.europarl.europa.eu/doceo/document/TA-8-2019-0012\\_EN.html](http://www.europarl.europa.eu/doceo/document/TA-8-2019-0012_EN.html)

**Opinion of the European Committee of the Regions – Covenant of Mayors post 2020**

(2020/C 79/06)

**Rapporteur:** Benedetta BRIGHENTI (IT/PES), Member of Castelnuovo Rangone Municipal Council (Modena)

**POLICY RECOMMENDATIONS**

THE EUROPEAN COMMITTEE OF THE REGIONS,

**The important role played by the Covenant of Mayors in European climate policies**

1. points out that the major international studies on climate change <sup>(1)</sup> underscore the urgent need to implement ambitious climate policies and that European public opinion is becoming increasingly concerned about this issue. In this respect, the Committee looks forward to the proposals for the establishment of a European Green Deal and a European Climate Law by the new European Commission and calls on the European Commission and all the Member States to acknowledge that the Covenant of Mayors is a key tool for responding to the climate emergency and for steering local and regional authorities (LRAs) in the transition towards climate neutrality and climate change adaptation, with due regard for the commitments made under the Paris Agreement and the 2050 long-term strategy <sup>(2)</sup>. It can be a key complement to the involvement of local and regional authorities in drawing up integrated national energy and climate plans;

2. recalls that the Covenant brings together cities with greater ambitions and extensive experience in local climate policy, often exceeding the standards of their respective Member States: Covenant signatories and coordinators should therefore be considered privileged interlocutors by Member States when working on the involvement of local and regional authorities in drawing up integrated national energy and climate plans;

3. calls on the European Commission to be more vigorous in supporting the 2050 target in the Covenant of Mayors. The Committee also asks the Commission to consider expanding the initiative's remit to ensure a more effective response to the cross-cutting challenges and opportunities presented to LRAs by climate neutrality, including new optional sectors such as industry, agriculture, forest management, and new environmental issues such as air quality, circular economy, biodiversity, biocultural diversity and natural carbon sinks so as to support the ambition of the most advanced municipalities. The move to include new sectors should focus primarily on the action plan, avoiding imposing further reporting and monitoring requirements on signatories; At the same time, it is important to support other forms of climate-change and environment-related cooperation that local and regional authorities in many Member States are involved in and to promote integration with the Covenant of Mayors. Where these local and regional authorities have the relevant potential to contribute to local efforts, they should be duly recognised and supported;

4. reiterates its call on the European Commission to reinforce its recognition of the strategic role which the CoR plays in the governance of the Covenant of Mayors, including its global aspects, while ensuring that this initiative remains fully true to its European origins and continues to respond to the needs of EU cities at the same time as promoting climate action all over the world;

<sup>(1)</sup> <https://www.ipcc.ch/2018/10/08/summary-for-policymakers-of-ipcc-special-report-on-global-warming-of-1-5c-approved-by-governments/>

<sup>(2)</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52018DC0773>



5. endorses the Green City Accord initiative and calls on the European Commission to take this opportunity to explore the possibility of including new environmental issues such as air quality, biodiversity, noise pollution and the circular economy in the protocol to the Covenant of Mayors. This should not involve more complex minimum requirements for signatories, but it could give them the opportunity to tackle new aspects on a progressive basis and to face up to the challenges of mitigating and adapting to climate change and of the energy transition using a more cross-cutting and holistic approach which leverages synergies;

6. considers that the sustainable development of LRAs must be structured around the Sustainable Development Goals (SDGs) <sup>(3)</sup>. The Committee accordingly considers that the Covenant must be solidly incorporated into the SDG framework and seen as one of the key tools for monitoring the way it is implemented at local level. The Committee therefore calls on the European Commission and the Covenant of Mayors Office to link the Covenant's methodology to the SDGs, simply by associating Covenant measures with the relevant SDG;

7. is pleased that the Covenant of Mayors has taken on a global dimension and is working to establish a consistent reference framework, and considers that the Global Covenant is a major tool for diplomacy and dialogue with third countries. The Committee also acknowledges that it plays a pivotal role in ensuring that the EU's efforts are not undermined by lack of ambition on the part of foreign countries. Nonetheless, it warns that it is important to ensure that efforts to harmonise the Covenant's reference framework at global level do not drive a wedge between it and the needs and practices of the EU's LRAs, thereby compromising its future success;

8. welcomes the various bottom-up initiatives implemented by the European Commission for cities and regions, such as the Coal regions in transition platform, the Smart Specialisation Platform on Energy (S3PEnergy), Clean Energy for EU Islands, Smart Cities and Communities, and Green capital. In this respect, the Committee calls on the European Commission to build on the mapping exercise already done through the One Stop Shop for cities <sup>(4)</sup>, and to fully explore the aims and roles of these initiatives and in particular the potential synergies with the Covenant of Mayors, in order to move towards the most user-friendly structure possible. This approach would help to establish a clear, consistent framework for the different initiatives linked to the SDGs, without compromising their specificities and individual features;

9. reminds Member States that the subnational level should be consulted in the development of national climate and energy plans and calls on the Member States to factor in the experience and feedback of the Covenant of Mayors community when drawing up, reviewing and implementing plans and 2050 long-term strategies as well as that of the more than 400 energy agencies in the EU, many of which are coordinators or supporters of the Covenant of Mayors and responsible for regional energy planning;

### **Governance of the Covenant of Mayors**

10. reiterates support for a system of Regionally and Locally Determined Contributions (RLDCs) as a way to formally acknowledge, monitor and encourage the reduction of carbon emissions by cities, local governments and regions globally. The European Commission is asked to work with the CoR to explore how SECAPs or equivalent plans could act as RLDCs providing local contributions to the UN Paris Climate Agreement;

11. notes that the Covenant of Mayors has grown and evolved over the years to cope with a landscape which has changed profoundly and that it is paramount that it be restructured if it is to meet current and future expectations. In this regard, the Committee points out that it can itself play a strategic role in providing the European Commission with a constant, two-way channel of communication with local and regional communities. In order to guarantee this, it asks the European Commission to further formalise the CoR's role within the European Covenant of Mayors, partly by including the CoR among the bodies responsible for monitoring and steering the initiative;

12. calls on the European Commission to work with the Covenant of Mayors Office and the CoR to ensure that the Covenant of Mayors or similar national and regional initiatives involving the local and regional levels, when compatible, are incorporated into national reference frameworks, and particularly into the national energy and climate plans and the national 2050 long-term strategies. In this regard, the Committee asks the European Commission to establish a group of experts on the Covenant of Mayors, to include representatives of the national coordinators, the CoR ambassadors and representatives of the Covenant of Mayors Office, the European Commission and the JRC, as well as other experts, including representatives of other climate and environment cooperation initiatives, in order to hold regular discussions on the challenges and opportunities involved in implementing the Covenant of Mayors in the various countries including in connection with other initiatives of this kind that already exist on the ground;

<sup>(3)</sup> <https://www.un.org/sustainabledevelopment/>

<sup>(4)</sup> [https://ec.europa.eu/info/eu-regional-and-urban-development/topics/cities-and-urban-development\\_en](https://ec.europa.eu/info/eu-regional-and-urban-development/topics/cities-and-urban-development_en)

13. calls on the European Commission and the Covenant of Mayors Office to strengthen the national strategy, and in particular the role of national and regional coordinators and supporter. Regional coordinators should have a stronger remit and should be supported by the European Commission, from a technical and financial point of view, partly by means of appropriate financing under the ESI Funds. This should enable Coordinators to provide in particular small local authorities with access to technical assistance. In this regard it calls on the Managing authorities to consider the crucial role of Covenant-related activities in their territory in tackling climate, energy and environmental challenges and invites them to take these activities into account in the planning for the next programming period;

14. points out that it is strategically important to reinforce the network of national and primarily regional coordinators in order to ensure that the Covenant continues to be relevant and a key mechanism for supporting the implementation and monitoring of national and regional policies and for the exchange of best practice. The Committee therefore asks the European Commission to ensure that the Covenant of Mayors Office has sufficient resources to coordinate the national partners and provide them with technical support, and to provide for parallel mechanisms which will finance national coordination activities;

15. points out that the Covenant's regional coordinators play a key role in supporting small and medium-sized municipalities which have signed up, both during the initial planning stage and when assembling, implementing and monitoring the actions. Also notes the important role of 'the Supporters', supporting organisations that facilitate accession to the Covenant by playing an intermediary role and leading promotion. The Committee therefore asks the European Commission to support coordinators and to enhance the role of the Supporters in order to ensure that their role is sustainable in the long term;

16. calls on the European Commission to ensure that the CoR is represented in the European Covenant's Political Board, providing a stronger link between the EU-level management of the Covenant and the Covenant's ambassadors, in order to provide political support for the initiative, promote the Covenant and assist dialogue with national bodies. In this regard, the Committee undertakes to make the necessary resources available so that the network of ambassadors for the Covenant becomes increasingly active and effective, in close cooperation with the European Commission and the Covenant of Mayors Office;

17. calls on the European Commission to make Covenant of Mayors data publically available and to geo-reference them: these data could contribute to create a European climate neutrality observatory, to the Urban Data Platform <sup>(?)</sup> and to the Energy Poverty Observatory which is required to collect disaggregated data, at least at NUTS 2 level;

18. at the same time, calls on local and regional authorities to take the Covenant of Mayors as an opportunity to boost the capacity of their own administrations and to train their own staff, avoiding excessive externalisation of work, which could compromise their administrations' ability to implement and update the SECAPs;

19. asks the EU JRC to establish closer ties with the Covenant's regional coordinators and to provide them with technical and scientific support when they gather and analyse the data, and when providing the municipalities with sufficient technical assistance for the implementation of the SECAPs, identifying financing and establishing interactive processes;

20. asks the European Commission, the JRC and the Covenant of Mayors Office to work further towards a simpler, stable monitoring framework which avoids the need for constant training and updates, but which provides at the same time the necessary flexibility to respond to a changing policy environment. Emphasises that monitoring requirements, while important for the functioning and credibility of the Covenant system, must not be an obstacle to local authorities, especially smaller ones, joining the Covenant and benefiting from its potential to encourage ambitious initiatives. Against this backdrop, also asks to explore how the monitoring exercise itself could be **better used**, in terms of both communication and procedures in order to facilitate the widest possible participation in the network;

21. suggests that consideration also be given to the possibility of setting up thematic networks between signatories who share similar characteristics or face similar challenges resulting, for example, from their size or geographical, social or economic situation;

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<sup>(?)</sup> <https://urban.jrc.ec.europa.eu/#/en>

22. asks the European Commission and the Covenant of Mayors Office to promote, in the context of the SECAPs, specific actions (particularly in the field of climate adaptation) which go beyond municipal, regional and national administrative boundaries, with a view to establishing groupings built around fragile environmental situations;

23. asks the European Commission and the JRC, with the support of the regional coordinators and supporters, to reconsider the procedure for evaluating the SECAPs to make it quicker and establish more user-friendly indicators geared to policy decisions. Efforts should be made to reduce administrative procedures, streamline reporting obligations and improve the use of data.

24. calls on the European Commission and the Covenant office to always use the simplest, most up-to-date and most incisive language and ways of communicating possible in order to ensure that the Covenant of Mayors and other forms of climate and environment-related cooperation of local and regional authorities become recognised as a sustainability brand and as a proof of excellence for climate action where it has achieved certain goals that were set;

### **An interactive transition towards climate neutrality**

25. calls on the European Commission and the Covenant office to promote measures to help signatories that are facing difficulties to meet the targets they committed to by signing the Covenant of Mayors for unforeseen reasons beyond their control;

26. asks the European Commission and the Covenant of Mayors Office to continue developing training and updating for signatories, endeavouring as far as possible to overcome language barriers. The Committee notes that particular attention must be paid to climate change adaptation and energy poverty, issues which are still relatively new and so require considerable efforts by most signatories;

27. asks the European Commission and the Covenant of Mayors Office to continue reinforcing the local-level group of practitioners<sup>(6)</sup> and to make it more transparent by disclosing its membership: this group represents a major resource for ensuring that the Covenant of Mayors' decision-making process takes a bottom-up approach and that the needs of local and regional authorities are taken into proper account. The European Commission could consider organising high-level training for practitioners, alongside and in addition to the existing meetings. This training work, with a particular focus on assisting practitioners from small towns, could be organised with the support of the members of the Academia corner of the Covenant of Mayors community;

28. calls on the European Commission and the Covenant office to develop further the role of the so-called 'academic corner' which aims at creating links between academic and research institutions and local and regional authorities; recalls that such links are of fundamental importance to develop the knowledge and competencies which are needed for the transitions, and that it is also necessary to reinforce the support both for research and studies, and for the dissemination of the results of such activities among the wider Covenant community;

29. asks the European Commission and the Covenant of Mayors Office to continue promoting and spreading good practices for low-cost actions, such as introducing sustainability criteria into municipal actions which are already in place or planned which generally would not require new sources of financing, merely better allocation of the available resources. In this regard, the Committee points out that it is very important to use green, sustainable public procurement across the board. Guidance to develop estimates of staff time and related costs would also be helpful in increasing participation and political oversight;

30. asks the European Commission to focus more closely on the social dimension, starting with energy poverty but including health, vulnerability to climate change, risk management and quality of life;

31. asks the European Commission and the Covenant of Mayors Office to step up the involvement of schools and educational establishments of every level in the development, implementation and review of the SECAPs. This will be pivotal for bringing about the lasting behavioural changes needed to ensure an effective transition towards climate neutrality, as is made quite clear in the 2050 long-term strategy;

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<sup>(6)</sup> <https://www.eumayors.eu/about/support-the-community/group-of-practitioners.html>

32. reiterates that it is of key importance to adopt a 'quintuple helix' approach in order to devise effective, future-proof action plans which are able to manage the complex transition which is necessary: this requires involving the public administration, industry, universities, NGOs and individuals. The Committee asks the European Commission and the Covenant of Mayors Office therefore to reinforce the formal role of the private sector, other non-municipal public bodies (such as health and research facilities), non-profit organisations and civil society, in the development and implementation of the SECAPs.

### **Systemic planning underpinned by suitable financial instruments**

33. asks the European Commission and the Covenant of Mayors Office to propose measures promoting closer ties with local and regional planning, based on sustainable mobility plans and urban planning. The Committee would point out in this regard that the recent IPCC report on Climate Change and Land <sup>(7)</sup> further underscores the pivotal role of land use policies in combating climate change. It also notes that SECAPs should become an effective, flexible and dynamic instrument for local administrations which is closely linked to the other plans and programmes;

34. asks the European Commission to bear in mind that the responsibility for mitigation and adaptation lies largely at local level. This fact needs to be recognised to acknowledge the importance of the SECAPs in the financial systems of the various countries;

35. asks the European Commission and the Covenant of Mayors Office to upgrade the SECAP, making it a comprehensive strategic document to be mainstreamed into the local administration's overall planning processes while taking account of different local needs. Each action should refer to specific plans or instruments already in place in the municipality. SECAPs could also set qualitative or quantitative criteria underpinning the municipality's planning and decision-making processes with a view to achieving the aims of the Covenant of Mayors;

36. asks the European Commission to acknowledge and reward the efforts made by signatories, coordinators and supporters through the EU's most relevant financial instruments. The Member States should be encouraged to follow suit, with a view to ensuring that their national climate and energy plans are implemented properly;

37. invites the European Commission to give a bigger role to regions which are important elements in a system of multi-level governance; asks the Commission in this context to foresee incentives such as burden sharing to encourage regions to achieve the CO<sub>2</sub> reduction targets; also considers that the ESI Funds should comprise mechanisms to support the work of the regional coordinators;

38. considers that having a current SECAP, or an equivalent energy and climate plan, should become a prerequisite for being granted access to all relevant financing programmes (City Facility, Horizon Europe, Life, etc.);

39. recalls that the transversal nature of climate-related action plans could make many of the actions eligible for support by EU funds for rural development and maritime action: encourages therefore Covenant Coordinators to further explore this possibility and the Covenant of Mayors Office to provide guidance in this regard;

40. calls on the European Parliament to explore possible cooperation with the CoR and its members in the context of the CoR Covenant Ambassadors' project in order to increase the reach and visibility of the political support for the Covenant;

41. asks the European Commission to provide the regions with clear guidance, to work with all the competent directorates-general to develop guidelines on how to support the implementation of SECAPs through ERDF Regional Operational Programmes and the ESF, to exchange good practices and to appoint people responsible for assisting the municipalities;

42. asks the EIB to step up communication with the Covenant of Mayors community, with a view to building the capacity of LRAs to make the best use of EIB instruments, focusing on designing tools to support small and medium-sized local authorities;

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(7) IPCC Special Report on Climate Change and Land.

43. endorses the establishment of the European Investment Advisory Hub <sup>(8)</sup>, which provides LRAs with the support and guidance they sorely need in the field of financing opportunities. Nonetheless, the Committee would point out that to date this instrument would seem to have had a limited impact on LRAs. It therefore asks the European Commission to look into why this is the case and to create stronger synergies between this instrument and the bottom-up initiatives, particularly the Covenant of Mayors, and points out that it is ready and willing to support the European Commission in further promoting this instrument and exploring strategies to make it more functional.

Brussels, 5 December 2019.

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

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<sup>(8)</sup> <https://eiah.eib.org/about/initiative-urbis.htm>

## Opinion of the European Committee of the Regions – Platform work – local and regional regulatory challenges

(2020/C 79/07)

**Rapporteur:** Dimitrios BIRMPAS (EL/PES), Municipal Councillor of Egaleo

### POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

#### Introductory comments

1. emphasises that the digital platform economy is an integral part of the European economy and its economic and social importance will continue to grow significantly in the future;
2. points out that the platform economy is described by the European Commission as 'business models where activities are facilitated by collaborative platforms' <sup>(1)</sup>. According to the same source, collaborative platforms create an open marketplace for the temporary usage of goods or services often provided by private individuals. The collaborative economy involves three categories of actors: (i) service providers, who share assets, resources, time and/or skills and may be private individuals providing services occasionally or service providers operating in a professional capacity; (ii) users of such services; and (iii) intermediaries that, via an online platform, connect service providers with final users and facilitate trade between them ('collaborative platforms');
3. also points out that the OECD defines the platform as a 'digital service that facilitates interactions between two or more distinct but interdependent sets of users (whether firms or individuals) who interact through the service via the internet' <sup>(2)</sup>;
4. points out that the use of digital platforms to coordinate all types of economic activity is growing with the exponential spread of internet use;
5. recognises that the rise of digital platform working can be explained by the fact that it offers a range of advantages for both employers and workers given the need for a flexible labour market. According to Eurofound <sup>(3)</sup>, platform work also brings a number of opportunities to the labour market, such as easy labour market access, source of additional income, stimulant for self-employment, working time flexibility and preventing discrimination of workers based on ethnicity, disability but also geographic situation. Furthermore, as highlighted by the JRC <sup>(4)</sup>, since many platform workers are from vulnerable groups of jobseekers (young people, women, people from remote regions), platform work can positively influence labour market integration of such groups and 'facilitate transitions to more stable forms of employment', provided that appropriate measures are put in place to ensure decent working conditions;
6. recognises that the rapid proliferation of digital labour platforms in recent years has raised a number of questions about the functioning and the benefit deriving from the reorganisation of work brought about by these platforms, together with the associated risks;
7. notes that, according to Eurofound <sup>(5)</sup>, due to the specific working arrangement for platform workers, based on tasks performed on an ad hoc basis, there is a higher uncertainty regarding the rights and level of social protection, working conditions, or stability of employment;
8. maintains that a comprehensive framework is needed to ensure the social protection and social rights of all workers (from health and safety to access to lifelong learning), in order to create a level playing field for the platform economy and the 'traditional' offline economy, based on the same rights and obligations for all interested parties;

<sup>(1)</sup> Commission Communication A *European Agenda for the Collaborative Economy* (COM(2016) 356 final).

<sup>(2)</sup> OECD *Employment Outlook 2019*.

<sup>(3)</sup> Eurofound, 2019, Platform work: Maximising the potential while safeguarding standards? [https://www.eurofound.europa.eu/sites/default/files/ef\\_publication/field\\_ef\\_document/ef19045en.pdf](https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef19045en.pdf)

<sup>(4)</sup> JRC, 2018, Platform Workers in Europe [https://publications.jrc.ec.europa.eu/repository/bitstream/JRC112157/jrc112157\\_pubsy\\_platform\\_workers\\_in\\_europe\\_science\\_for\\_policy.pdf](https://publications.jrc.ec.europa.eu/repository/bitstream/JRC112157/jrc112157_pubsy_platform_workers_in_europe_science_for_policy.pdf)

<sup>(5)</sup> Eurofound, 2018, Employment and working conditions of selected types of platform work, <https://www.eurofound.europa.eu/publications/report/2018/employment-and-working-conditions-of-selected-types-of-platform-work>

9. stresses that false self-employment (also sometimes referred to as disguised or bogus self-employment) refers to cases where individuals are classified as self-employed but, to all intents and purposes, work as employees. The deliberate misclassification of workers by employers seeking to avoid employment regulations, fiscal obligations and workers' representation, as well as to shift risks onto workers and/or gain a competitive advantage, should be stamped out;

10. reaffirms that the right of all workers to fair and equal treatment regarding working conditions, access to social protection and training – regardless of the type and duration of the employment relationship – together with the right to fair wages that provide for a decent standard of living, is laid down in the European Pillar of Social Rights <sup>(6)</sup>, supported unanimously by all the EU Member States;

11. notes the difficulties faced by the so-called 'own-account workers' to have collective representation and draws attention to the fact that the biggest challenge facing social partners is to reach workers in the informal sector and in the newly emerging forms of employment such as the platform workers <sup>(7)</sup>; calls therefore for measures to foster and facilitate social dialogue for this segment of the labour market;

12. argues that a joint European initiative to regulate work on digital platforms should ensure a coordinated response by the Member States to the legal challenges arising from ongoing technological changes on the labour market; is mindful of the opportunities for professional support, knowledge capture and learning to which the new technologies, such as artificial intelligence, provide access; further underlines the need to properly manage the negative impacts of new technologies on platform workers, given that the increasing incidence of such technologies, including artificial intelligence, subjects those workers to decisions determined to a great extent by artificial intelligence algorithms;

13. joins the ILO's call for the establishment of an international governance system requiring platform holders to respect certain minimum rights and protections and regulating the use of data and algorithmic accountability in the world of work. This would address issues of collective representation of platform workers as well as issues linked to artificial intelligence, by requiring the application of a human-in-command approach, ensuring that final decisions affecting work are taken by humans <sup>(8)</sup>; welcomes at the same time national and subnational initiatives <sup>(9)</sup>, as well as platform-based initiatives launching code of conducts for crowd sourcing and crowd working;

14. shares the view expressed in the EPSCO Council conclusions of 24 October 2019 on the need to 'strengthen the institutions of work, in particular labour administration and inspection, and promote the effective implementation of international labour standards for the protection of all workers, including in the new forms of work, and the transition from informal to formal economy' <sup>(10)</sup>. Further agrees on the need to 'ensure appropriate privacy and personal data protection, and respond, where appropriate, to challenges and opportunities, especially in the context of the digital transformation of work, including platform work' <sup>(11)</sup>;

15. welcomes the intention of the new president of the European Commission, Ursula von der Leyen, as voiced at the opening session of the European Parliament on 16 July 2019, to improve the labour conditions of platform workers, notably by focusing on skills and education <sup>(12)</sup>; expects, however, that the improvements to these conditions will go beyond the aforementioned policy areas and include a proposal by the new Commission 'to address the labour conditions of platform workers and actively address new forms of precariousness' <sup>(13)</sup>;

<sup>(6)</sup> Chapter II: Fair working conditions, points 5 and 6 [https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights/european-pillar-social-rights-20-principles\\_en](https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights/european-pillar-social-rights-20-principles_en)

<sup>(7)</sup> European Parliament study on 'EU and ILO: Shaping the Future of Work', 2019 ([http://www.europarl.europa.eu/meetdocs/2014\\_2019/plm-rep/COMMITTEES/EMPL/DV/2019/09-03/IPOL\\_STU2019638407\\_EN.pdf](http://www.europarl.europa.eu/meetdocs/2014_2019/plm-rep/COMMITTEES/EMPL/DV/2019/09-03/IPOL_STU2019638407_EN.pdf)).

<sup>(8)</sup> 'Work for a brighter future', ILO Global Commission on the Future of Work, 2019. [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---cabinet/documents/publication/wcms\\_662410.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---cabinet/documents/publication/wcms_662410.pdf)

<sup>(9)</sup> An interesting example is the initiative of the city of Milan, which launched in 2018 the 'Riders' Municipal Information Counter', the first office in Italy dedicated to listening, information and advice for workers of food delivery platforms. [http://www.ansa.it/lombardia/notizie/2018/07/18/a-milano-primo-sportello-per-i-rider\\_111a55ca-fc7b-4c16-91f7-60b1b22a3c96.html](http://www.ansa.it/lombardia/notizie/2018/07/18/a-milano-primo-sportello-per-i-rider_111a55ca-fc7b-4c16-91f7-60b1b22a3c96.html)

<sup>(10)</sup> The Future of Work: the European Union promoting the ILO Centenary Declaration – Council Conclusions (24 October 2019).

<sup>(11)</sup> Idem.

<sup>(12)</sup> Political Guidelines for the next European Commission 2019-2024 <https://www.europarl.europa.eu/resources/library/media/20190716RES57231/20190716RES57231.pdf>

<sup>(13)</sup> Introductory speech by Nicolas Schmit, Commissioner-designate for Jobs, during his hearing before the European Parliament [https://multimedia.europarl.europa.eu/en/-hearing-of-nicolas-schmit-commissioner-designate-jobs-opening-statement-by-nicolas-schmit\\_1178011-V\\_v](https://multimedia.europarl.europa.eu/en/-hearing-of-nicolas-schmit-commissioner-designate-jobs-opening-statement-by-nicolas-schmit_1178011-V_v)

16. points to the overall need to bring up to date the current legal frameworks at EU level (i.e. E-Commerce Directive, Services Directive) to respond to the rapid expansion of the collaborative economy and to the challenges posed by globally operating platforms. Exploring the effectiveness of existing EU legislation that can apply also to platform work, such as the Directive on Transparent and Predictable Working Conditions, and accurately mapping existing forms of platform work constitute a key prerequisite for any update of the legal framework;

### Classification of workers and contracts

17. refers to a previous opinion in which it emphasised that ‘some collaborative economy business models have produced strong negative social and employment-related externalities, in particular by abusing the concept of ‘self-employment’, and rely on social disparities between workers’<sup>(14)</sup>;

18. also refers to a previous position of the CoR, pointing out that ‘many forms of work in the collaborative economy lie mid-way between salaried employment and freelance work’, which ‘raises important questions as regards working conditions, health and safety, health insurance, sick pay, unemployment benefits and pensions’<sup>(15)</sup>;

19. notes that in the Reflection Paper on the Social Dimension of Europe<sup>(16)</sup>, the European Commission points out that deepening this dimension requires the EU to ‘agree on common rules determining the employment status of digital platform workers. This enables businesses to tap fully the potential of a single European digital market’;

20. emphasises that, given that young people are more familiar with the digital transformation and technological developments, they see work on digital platforms and the flexibility it often offers as an attractive employment opportunity, despite the lack of clearly defined labour rights. It should be noted that platform workers today are on average 10 years younger than those who work offline<sup>(17)</sup>, and that the absence of a clear framework defining those rights therefore increases precarious employment among young people;

21. recognises the complexity of contractual relations on digital platforms, but points out that the highly diverse employment models of the traditional economy are governed by common basic rules that apply in the same way to all operators. The Committee of the Regions therefore calls for fundamental labour and social provisions to be extended to the platform economy and its workers, highlighting the need to address the social effects of the Digital Single Market at European level. A proportionate national and where necessary – given the transnational nature of the digital economy – European framework to address the regulatory challenges of work on digital platforms will create a level playing field between the traditional economy and the digital platform economy and tackle social dumping. Such a regulatory framework should also envisage prohibiting exclusivity clauses that prevent workers cooperating with other platforms;

22. stresses that such regulation should address important regulatory issues such as the burden of documentary proof of an employment relationship (and consequently of any misclassification), the evaluation of the rebuttable presumption of the existence of an employment relationship, the organisation of work through contractual relationships containing unfair clauses as well as the question of ownership and portability of data on a platform worker’s profile and performance. Furthermore, it could address the issue of employers’ social security contributions, in relation to the overall workforce involved and regardless of the status of employment, taking into account the quality of working arrangements. In order to take into account the possibility of cross-border digital activity and to enable the Posting of Workers Directive<sup>(18)</sup> to apply, it should be possible to make a distinction between the ‘place of employment’ and the ‘place of service delivery’ as a minimum guarantee of labour rights;

<sup>(14)</sup> CoR opinion on the *Collaborative economy and online platforms: a shared view of cities and regions* (COR-2016-04163).

<sup>(15)</sup> CoR opinion on *Transparent and predictable working conditions in the European Union* (COR 1129/2018).

<sup>(16)</sup> COM(2017) 206, 26 April 2017.

<sup>(17)</sup> [http://publications.jrc.ec.europa.eu/repository/bitstream/JRC112157/jrc112157\\_pubsy\\_platform\\_workers\\_in\\_europe\\_science\\_for\\_policy.pdf](http://publications.jrc.ec.europa.eu/repository/bitstream/JRC112157/jrc112157_pubsy_platform_workers_in_europe_science_for_policy.pdf) p. 23.

<sup>(18)</sup> <https://data.consilium.europa.eu/doc/document/PE-18-2018-INIT/en/pdf>



23. notes that determining the existence of an employment relationship should be based on definitions in the prevailing law, collective agreements or practice in each Member State, taking into account the case law of the CJEU <sup>(19)</sup>. Case law establishes that platform workers may also be covered if they meet the relevant criteria. Shares the view of the European Parliament that 'the determination of the existence of an employment relationship should be guided by the facts relating to the actual performance of the work and not by the parties' description of the relationship' <sup>(20)</sup>. Also agrees that 'the abuse of the status of self-employed persons, as defined in national law, either at national level or in cross-border situations, is a form of falsely declared work that is frequently associated with undeclared work [...] in order to avoid certain legal or fiscal obligations' <sup>(21)</sup>. Agrees, therefore, with the need for guidelines at European level to combat this phenomenon;

24. welcomes the fact that most EU Member States have minimum wage regimes which are either established by law or agreed through collective bargaining. Authority and responsibility for matters relating to wage-setting rest with the Member States and/or national social partners. The autonomy of the social partners and their right to conclude collective wage agreements must therefore be fully respected <sup>(22)</sup>;

25. supports the creation of a special working group to look into and monitor employment relationships and the classification of workers on digital platforms, as part of the work of the EU Observatory on the Online Platform Economy, set up by a Commission decision <sup>(23)</sup>. The observatory, which is made up of a group of independent experts on the online platform economy and a dedicated team of Commission officials, has already started work and provides the Commission with advice and expertise on developments in the online platform economy. The Committee of the Regions can contribute to the group's work with best practices at local, regional and cross-border level, which reinforce, inter alia, skills development for staff of local and regional authorities; calls, therefore, for an observer status within the Observatory;

### **The regional and local dimension**

26. notes that the continuous development and expansion of economic activities where digital platforms are making inroads have an impact at local and regional level, and therefore also have to be regulated at the level of local and regional authorities, within the bounds of their powers, notably with regard to taxation and urban planning;

27. calls on local and regional authorities to provide solutions to the social and employment challenges arising from platform work, by responding with social support measures for non-standard forms of employment, as well as measures to prevent irregular and sometimes illegal forms of employment (such as bogus self-employment) on these platforms, in order to ensure the rights of platform workers individually and collectively;

28. urges local and regional authorities, as providers and recipients of a wide range of online services, often through digital platforms, to incorporate positive discrimination towards socially-responsible platforms, as well as social criteria regarding platform working conditions into their criteria for awarding public contracts;

29. urges local and regional authorities, as service providers, to formulate employment contracts that could serve as a model for other local employers;

30. urges local and regional authorities to frame employment, lifelong learning and social policies that will keep pace with and reflect the digitalisation of labour markets;

31. urges local and regional administrations, within the scope of their powers, to root out the fraudulent classification of workers by means of the labour inspectorate or comparable bodies or institutions.

Brussels, 5 December 2019.

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

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<sup>(19)</sup> <https://data.consilium.europa.eu/doc/document/PE-43-2019-INIT/en/pdf>

<sup>(20)</sup> European Parliament legislative resolution of 16 April 2019 on the proposal for a directive of the European Parliament and of the Council on transparent and predictable working conditions in the European Union. [https://www.europarl.europa.eu/doceo/document/TA-8-2019-0379\\_EN.html](https://www.europarl.europa.eu/doceo/document/TA-8-2019-0379_EN.html)

<sup>(21)</sup> *Idem*.

<sup>(22)</sup> CoR opinion on *Standards of remuneration in employment in the EU* (COR-2015-01689).

<sup>(23)</sup> Commission Decision of 26.4.2018 on setting up the group of experts for the Observatory on the Online Platform Economy (C(2018) 2393 final).

## Opinion of the European Committee of the Regions – A European framework for regulatory responses to the collaborative economy

(2020/C 79/08)

**Rapporteur:** Peter FLORIAN SCHÜTZ (AT/PES), Member of the Vienna Regional Parliament and member of Vienna City Council

### POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS,

#### General remarks

1. calls on the European Parliament, the Council and the Commission to put the collaborative economy at the forefront of their priorities for the 2019-2024 term of office;
2. notes that the collaborative economy is based on a triangular relationship between three categories of participants – customer, supplier and platform/intermediary – which differs significantly from the traditional ‘chain’ model and bilateral customer-supplier relations on which the existing EU regulatory framework is based;
3. considers therefore that the concrete application of EU law to these new business models is far from comprehensive and often difficult to establish, as indicated by the intense controversy and recourse to justice that they have triggered;
4. recalls that in its 2016 opinion <sup>(1)</sup>, the Committee found that the Commission’s Communication ‘A European Agenda for the Collaborative Economy’ <sup>(2)</sup> did not provide comprehensive answers to some of the crucial questions raised by the collaborative economy; believes that this inaction has resulted in leaving highly political decisions up to the courts rather than the European and regional legislators;
5. highlights the benefits the collaborative economy can provide when operated in a fair and regulated level playing field, such as stronger competition in many sectors with disruptive effects on incumbents resulting in a wider choice for consumers and lower costs, better employment opportunities and the positive environmental impacts stemming from a more efficient use of assets and resources;
6. points out nevertheless that besides advantages, the collaborative economy also has negative impacts on traditional businesses and local communities; emphasises that an undermining of labour and consumer rights and environmental protection standards is not acceptable in the single market and points out that the Committee is drafting a separate opinion on employment and social aspects of platform work <sup>(3)</sup>;
7. considers that online and offline economic activities should be treated equally on a level playing field in the single market. The collaborative economy offers greater choice to consumers and new opportunities to entrepreneurs, but citizens and businesses must be aware of applicable local rules and obligations, no matter what kind of platform business (e.g. sharing houses, car journeys, various domestic services, with profit or non-profit motives etc.) they have chosen;

<sup>(1)</sup> COR-2016-04163. Available online: <https://webapi2016.cor.europa.eu/v1/documents/cor-2016-04163-00-01-ac-tra-en.docx/content>

<sup>(2)</sup> COM(2016)356 final. Available online: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2016%3A356%3AFIN>

<sup>(3)</sup> COR opinion ‘Platform work – local and regional regulatory challenges’, rapporteur: Dimitrios BIRMPAS. Dossier SEDEC-VI/051.

8. also deeply regrets the crowding out of local residents that is taking place in several major cities due to rising real estate prices linked to large numbers of accommodation units being dedicated to short term tourist rentals via online platforms;

9. nonetheless shares the Commission's desire, expressed in its 2016 'Agenda for the Collaborative Economy', to balance the two policy objectives of addressing current problems – and providing legal certainty – through regulation on the one hand, and encouraging innovation, new businesses and the further development of the collaborative economy on the other;

10. is of the opinion that the rule of law implies the creation and also the efficient enforcement of laws and there should not be any impediment to local and regional authorities in applying and enforcing European, national or regional laws;

11. welcomes the voluntary action by platforms across Europe but underlines that it is no substitute for framework rules for a truly common market;

### **A European framework with a territorial dimension**

12. considers, in the light of these concerns, that the existing EU regulatory framework – introduced before the age of collaborative economy platforms – is effectively outdated and cannot respond to the challenges posed by the collaborative economy without a thorough update;

13. calls on the European Commission to put forward proposals to this end in the course of 2020, in the broader context of the 'Digital Services Act' that is on the agenda of the Commission President-elect<sup>(4)</sup>, especially as the main technical conveniences (e.g. smartphones) and platforms arose a long time after the e-Commerce Directive of 2000;

14. notes the strong local and regional dimension of the collaborative economy, which influences everyday life, since many of the sectors in which these platforms are active, from accommodation, urban transport, delivery services to the use of public spaces, are regulated or taxed at the local and regional level;

15. calls on the Commission and the Member States to create an incentivising regulatory environment, which will enable small-scale European platforms to better profit from the Single Market and scale up to successfully challenge dominant global players;

16. calls for the future European framework to recognise this territorial dimension and to strengthen the capacity of public authorities to take action to regulate the collaborative economy according to their national, regional or local situation, in full respect of the principle of subsidiarity. Enforcing valid court decisions against short term rental platforms in the country of residence is a huge effort for local authorities due to lack of resources and capacity to litigate in another EU Member State;

17. emphasises that the country of origin principle in the e-Commerce Directive causes problems for cities and regions. The stronger the country of origin principle is, the clearer and more effective the rules to enforce the law must be; is of the opinion that there is a risk of cherry-picking when entering the single market which in the end leads to legal uncertainties and to a loss of administrative control for public authorities in the destination country;

18. believes nonetheless that local or national level action alone would not be able to tackle some of the key concerns surrounding the collaborative economy, and that in this light a clear European framework is necessary in addition to national and regional laws;

19. recommends that Territorial Impact Assessments are carried out of the critical elements of the Digital Services Act and of the European framework for the collaborative economy;

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(<sup>4</sup>) 'A Union that strives for more: My agenda for Europe'. Available online: [https://ec.europa.eu/commission/sites/beta-political/files/political-guidelines-next-commission\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/political-guidelines-next-commission_en.pdf)

20. suggests furthermore, given the dynamic nature of the collaborative economy, that a mechanism is put in place to monitor the implementation of the Digital Services Act and the European framework for the collaborative economy;

21. asks the European Commission to regularly monitor the development of collaborative platforms with regard to compliance with competition rules, as a high level of market dominance by just a few platforms can be seen at regional and local level;

### **Fragmentation of the internal market**

22. stresses that fragmentation of the internal market is already underway as, despite the relative newness of the phenomenon, there has been a proliferation of rules for the collaborative economy in many Member States, cities and regions, with existing or planned legal and policy initiatives in around two thirds of Member States already as of 2017, for instance in the area of taxation, housing and building rules, transport and delivery services or regarding public spaces <sup>(5)</sup>;

23. underlines the fact that these numerous initiatives show the need for clear EU regulation within the single market; the fragmentation resulting without this can deter both users and providers from taking advantage of the opportunities offered by the collaborative economy;

24. emphasises that stopping market fragmentation through harmonised rules across the EU is also crucial in order to promote the growth of smaller collaborative economy businesses, since existing large, multinational platforms are better able to adapt to regulatory complexity and changes thanks to their large scale;

25. is convinced that introducing a clear EU-level framework would give European start-ups the chance to grow and be more competitive on the world stage. Non-European collaborative platforms deserve particular attention, as enforcement of rules in third countries is in most cases almost impossible;

### **Status of collaborative economy platforms**

26. regrets that the crucial question of the status of collaborative economy platforms – and therefore the question of which rules govern their operations – has so far been largely left to the courts, although it is a highly political matter with far-reaching implications to which pre-existing regulation on its own cannot provide a full answer;

27. stresses that the e-Commerce Directive <sup>(6)</sup> and the freedom to provide cross-border information society services that it provides for appear particularly in need of a review and update in the light of the controversies and court cases currently surrounding it <sup>(7)</sup>;

28. highlights the fact that the definition of an information society service <sup>(8)</sup> itself may need to be further clarified to distinguish between different types of activities, and in particular in relation to the emergence of so-called 'composite services', as defined by Court of Justice of the European Union (CJEU) Advocate General Szpunar, including both an information society service and, inseparably, the underlying service not provided by electronic means <sup>(9)</sup>;

29. considers that the European framework should define the status of collaborative economy platforms according to the precise degree of control exercised by the platform, and that criteria to define 'decisive influence' – the concept referred to by the CJEU – must therefore be explicitly outlined in EU law;

<sup>(5)</sup> EC Legal Analysis Report, DG JUST, 2017. p. 92-101 Available online: [https://ec.europa.eu/info/sites/info/files/annex5\\_task5\\_reportmay2017.pdf](https://ec.europa.eu/info/sites/info/files/annex5_task5_reportmay2017.pdf)

<sup>(6)</sup> Directive 2000/31/EC ('Directive on electronic commerce'). Available online: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32000L0031>

<sup>(7)</sup> See in particular the CJEU cases C-434/15, C-320-16 related to Uber and the ongoing case C390-18 related to Airbnb.

<sup>(8)</sup> The definition is found in Directive (EU) 2015/1535 Available online: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32015L1535>

<sup>(9)</sup> CJEU, Advocate General's Opinion in Case C-434/15 Available online: <https://curia.europa.eu/jcms/upload/docs/application/pdf/2017-05/cp170050en.pdf>

30. believes on the other hand that the 'market maker' criteria, also referred to by the Advocate General, could apply to some extent to most collaborative economy platforms and is therefore much less relevant in defining their status and the rules applicable to their operations;

31. is of the opinion that collaborative platforms must be held liable for illegal actions or dissemination of illegal content (e.g. social housing offers on short term rental platforms) and believes that discriminatory decisions of platforms can be made only according to local laws or court decisions;

#### **Status of collaborative economy platform users and consumer protection**

32. highlights the fact that a distinguishing feature of the collaborative economy is that it blurs the line between personal and professional actors, i.e. between traders and peers;

33. considers in this respect that the Services Directive's <sup>(10)</sup> definition of 'service provider' should be reviewed, since its current wording could be interpreted to cover any economic activity; believes that this situation could potentially act as a strong deterrent by placing disproportionate burdens on people wishing to occasionally act as non-professional suppliers ('peers') of services through a collaborative economy platform;

34. recommends therefore that the situation be clarified through EU-wide thresholds developed for the level of economic activity beyond which a user shall be considered a professional and be subject to market regulation; considers that these thresholds should be time-based rather than monetary to ensure a level playing field across the EU;

#### **Access to data**

35. points out that access to data is a crucial issue for public authorities, in particular at local and regional level; ensuring proper enforcement of applicable local rules and safeguarding supervisory mechanisms is impossible without access to the relevant data from platforms operating in a given territory;

36. believes therefore that the European framework must require platforms to provide public authorities with the data necessary to enforce the rules applicable to the platform and/or its sector of activity on a legal basis <sup>(11)</sup>. However, public authorities must give due regard to platforms' data and know-how, such as search and ranking algorithms, when accessing such information. Public authorities should not have to rely on the willingness of platforms to share data with them, as experience gathered in several European cities shows that where platforms claimed they were willing to cooperate, 'in practice they don't, or only do so on a voluntary basis' <sup>(12)</sup>;

37. acknowledges that some platforms have taken steps to enforce certain rules themselves, but while these efforts are laudable, voluntary self-regulation can easily be circumvented by platform users (one accommodation unit can be posted on several platforms or even several times on the same platform); is therefore convinced that access to data for public authorities is the best solution;

38. declares that large digital platforms are gatekeepers in the digital economy, they can attain a dominant position in the market, and benefit greatly from positive network effects. For market-dominating platforms a tightening up of the already existing obligation in the data protection law to ensure data portability (e.g. via open interfaces) will be unavoidable;

#### **Taxation concerns**

39. welcomes nonetheless the cooperative practices that some platforms have implemented in order to enforce rules such as the collection of tourist taxes on behalf of municipalities;

40. considers however that requiring all platforms to do so in all local and regional authorities could represent a large administrative burden, while data sharing is far less burdensome;

<sup>(10)</sup> Directive 2006/123/EC Available online: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32006L0123>

<sup>(11)</sup> General Data Protection Regulation, Art. 6(1)(e).

<sup>(12)</sup> The Guardian June 2019; Available online: <https://www.theguardian.com/cities/2019/jun/20/ten-cities-ask-eu-for-help-to-fight-airbnb-expansion>

41. stresses that some cities and regions have failed to conclude agreements with platforms on tax issues, as some collaborative platforms have shown no intention of accepting national or regional tax laws or the oversight powers of local supervisory bodies (e.g. Courts of Audit) or any local control mechanisms for proper taxation;

42. highlights the fact that income received by collaborative economy suppliers, potentially working through several platforms based in different countries, can fall into grey zones and is hard for tax authorities to track: some recipients are legitimately uncertain what taxes should apply, while others might knowingly attempt to avoid paying taxes by taking advantage of the lack of clarity; stresses that data sharing between platforms and all competent public authorities would put an end to this and ensure that the appropriate taxes are paid;

43. highlights the fact that the taxation of platforms themselves is another crucial point; online platforms need to pay their fair share of taxes; refers to its opinion on 'Taxation of the Digital Economy' <sup>(13)</sup> in which the Committee considers that the existing tax systems are no longer suited to the current economic context of globalisation, mobility, digital technologies, new business models and complex business structures, and welcomes the Commission's proposals in this regard <sup>(14)</sup>;

#### **Environmental Impact**

44. considers the collaborative economy to be an additional way to contribute to various measures taken by the EU to reach the climate goals of the 2015 Paris Agreement;

45. asks the European Commission to produce studies into the possible environmental impact of the collaborative economy by the second half of 2020, as such in-depth studies are lacking;

#### **Housing**

46. believes that the public sector's scope for action must be safeguarded in order to ensure that the free movement of goods and services by electronic means is secured but does not restrict competition and the functioning of local markets. The criteria of general interest must therefore be specified and extended in the e-Commerce Directive. Affordable housing is of utmost importance for European citizens in all member countries; short term rentals via platforms can strengthen negative tendencies in the housing market;

#### **Final remarks**

47. highlights the fact that many regions and cities find themselves confronted with the emergence of platform activities on their territories without prior notice; several European cities signed the 'Sharing cities Declaration' <sup>(15)</sup> in 2018;

48. therefore calls on the Commission to propose a European framework to make prior notice to the competent authorities mandatory and to encourage collaboration between authorities and platforms in order to ensure that the latter operate in accordance with the applicable rules and in a manner appropriate to the local situation;

49. looks forward to working with the European Commission, the European Parliament and the Council in shaping the European framework for regulatory responses to the collaborative economy.

Brussels, 5 December 2019.

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

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<sup>(13)</sup> Ref: COR-2018-02748. Available online: <https://webapi2016.COR.europa.eu/v1/documents/cor-2018-02748-00-00-ac-tra-en.docx/content>

<sup>(14)</sup> Ref: COM(2018) 147 final; and Ref: COM(2018) 148 final.

<sup>(15)</sup> Available online: <http://www.sharingcitiesaction.net/declaration/>

**Opinion of the European Committee of the Regions – Local and regional authorities shaping the future Eastern Partnership**

(2020/C 79/09)

**Rapporteur-general:** Tadeuš ANDŽEJEVSKI (LT/ECR), Member of Vilnius District Municipal Council

**Reference document:** Structured EU consultation on the future Eastern Partnership launched on 26 July 2019

#### POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS,

#### General comments

1. values the Eastern Partnership (EaP) programme established 10 years ago as a joint initiative between the European Union, its Member States and six Eastern European and South Caucasus partner countries: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. The CoR points out that Poland and Sweden were the driving force behind the creation of the EaP as a structured policy that would support regional cooperation and strengthen the EU's relationship with its partners from Eastern Europe. The CoR believes that, over the years, the EaP has become an important instrument of European Union influence in the countries situated to the east of its borders. Over the decade that the EaP has been in effect, a series of projects and initiatives have been introduced supporting the implementation of essential reforms in the EaP countries and development of civil society there;

2. supports further development of the EaP in the next decade of cooperation with the EU, and advocates stepping up the involvement of the EaP countries with Union institutions and agencies, as well as EU sector-specific programmes, including involvement in decisions taken on the programmes and their application in the EaP countries. The Committee recommends progressively increasing the role of local and regional authorities, in the EaP countries in managing Union programmes implemented in those countries;

3. specifically urges that the legal framework determining the shape of the EaP be broadened, e.g. adding annexes to the association agreements signed by Ukraine, Georgia and Moldova enabling them to take part in the next EU programmes. The Committee therefore welcomes the European Parliament's initiative to widen cooperation with those three countries; the process of strengthening cooperation with them must be with a view to their becoming EU Member States. It is noted, however, that cooperation also needs to be extended with other EaP countries, which should include setting common partnership priorities for the EU and the individual countries, priorities that will form the basis for concluding framework agreements for further cooperation;

4. has become actively involved in EaP work, through developing and consolidating the initiative at the level of regional and local authorities. In a series of initiatives, such as setting up the Conference of Regional and Local Authorities for the Eastern Partnership (CORLEAP) or the task forces supporting decentralisation reforms in individual countries (Ukraine), the Committee has helped to strengthen local and regional government in the EaP countries, as well as regional cooperation both between individual EaP countries and between those countries and EU Member States;

5. recommends strengthening the institutional basis of CORLEAP, so that the Conference better supports the process of stepping up decentralisation in the EaP countries. To this end cooperation should be increased within the CORLEAP framework between representatives of the largest associations of local and regional authorities from the EU and those from the EaP countries;

6. points out that gender equality is enshrined in the constitutions and legal systems of all Eastern Partnership countries and that all EaP countries have ratified all of the most important international conventions in this area without reservations. The principle of gender equality is also firmly anchored in the EU Treaties. Article 8 of the Treaty on the Functioning of the European Union requires the EU to aim to promote equality between women and men in all of its actions, and therefore also in the Eastern Partnership. It also encourages EU institutions to provide assistance through exchanging best practices in promoting women's political participation in local and regional authorities in EU and EaP countries;

7. believes that in terms of the EaP's next planning phase, local and regional authorities will also play a significant role in ensuring that the Partnership's objectives are successfully achieved. Thus the Committee expects that at the planned EaP summit under the Croatian Presidency of the Council of the EU its recommendations and opinions, drawn up in cooperation with the levels of government closest to citizens, will be taken on board by the European Commission and leaders of EU Member States;

8. points out that civil society and local and regional authorities (LRAs) have an important role to play in strengthening the rule of law: LRAs in EU and EaP countries constitute a fundamental level of democratic legitimacy and have a central role to play in promoting a rule of law culture and in monitoring compliance with the principles associated with it;

9. supports further decentralisation reform in the EaP countries, while respecting their autonomy with respect to their territorial and institutional set-up. The Committee therefore fully endorses the conclusions of the ninth annual CORLEAP meeting, which took place in Turku (Finland) on 12 September 2019, concerning the strategic approach to strengthening regional and local initiatives aimed at democratisation and decentralisation, including decentralisation of public finances;

10. backs the calls of some European associations of local and regional authorities to allow wider participation of local and regional authorities in EU programmes implemented in the EaP countries associated with the EU, including programmes for expanding sustainable planning and economic and social development, stimulating investment, and also in relation to local and regional infrastructure. The Sustainable Development Goals (SDGs) should be a guiding principle for the EU and EaP countries and promoted as a basis for cooperation in all areas covered by the SDGs. Examples of such action might include EaP countries' participation in the URBACT programme and the Europe for Citizens Programme, as well as climate protection programmes such as LIFE. We also advocate extending participation in the TAIEX programme and twinning programmes to include local and regional authorities in the EaP countries;

11. supports the participation of local and regional authorities in the EaP countries in setting EaP goals and subsequently achieving them, while recognising the concept of different degrees of involvement of individual EaP countries, and also upholding the principle of not creating antagonism between those countries;

12. recommends updating the 20 deliverables for 2020 based on the 17 global Sustainable Development Goals of the 2030 Agenda, to support their implementation in the Eastern Partnership countries;

13. the European Union remains committed in its support to the territorial integrity, independence and sovereignty of all its partners. Full commitment, respect for and adherence to the purposes and principles enshrined in the UN Charter, the 1975 Helsinki Final Act and the 1990 OSCE Charter of Paris are fundamental to our shared vision for a peaceful and undivided Europe;

14. supports renewed efforts to promote the peaceful settlement of unresolved conflicts in the region on the basis of the principles and norms of international law. The resolution of conflicts, building trust and good neighbourly relations are essential to economic and social development and cooperation. The CoR welcomes efforts and the EU's strengthened role in conflict resolution and confidence building in the framework or in support of existing agreed negotiating formats and processes, including through field presence, when appropriate;

15. welcomes stronger engagement with all partners in modernising education, research and innovation systems, and improving their quality performance and competitiveness, while ensuring respect for rights already exercised of persons belonging to national minorities as enshrined in UN and Council of Europe Conventions and related protocols, non-discrimination of persons belonging to minorities and respect for diversity and fully taking into account the expertise of Council of Europe bodies when reforming these systems;

16. particularly advocates peaceful resolution of the conflict in the eastern region of Ukraine and the problem of the illegal Russian annexation of Crimea;



### Supporting good governance in the EaP countries

17. advocates strengthening the capacity and quality of public administration in the EaP countries at all levels, particularly that of local and regional authorities. The Committee supports improving civil servants' qualifications and increasing transparency in the recruitment of public employees and in public decision-making, including implementing anti-corruption standards and making decisions on the basis of democratic mechanisms;

18. therefore welcomes the Union's *EU Anti-Corruption Initiative in Ukraine* programme (EUACI) being implemented by the Danish International Development Agency, which is financed through EU funding and co-financed by Denmark. The aim of the programme is to help local government reduce the risk of corruption, including through establishing sound and transparent administrative procedures, thus increasing transparency over the work of public authorities for the benefit of citizens, local civil society organisations and the media;

19. appreciates here the role of the National School of Public Administration in Warsaw, which following the Eastern Partnership Summit in 2011, under the Eastern Partnership Academy for Public Administration programme, held nine training sessions for public administrators at different levels of government in the EaP countries;

20. notes here that from a total of 500 or more administrators being trained, only a small number were employees of a regional or local authority. It is urged that training courses organised by countries or EU institutions to boost administrative capacity in the EaP countries include more local and regional administrators. Governments in the EaP partner countries frequently argue that directly implementing and running Union projects by local and regional authorities in their countries is hampered by those authorities' lack of administrative capacity;

21. therefore supports the CORLEAP initiative to create an education platform for online training and set up a school of public administration for eastern Europe in one of the EaP countries, with the task of providing comprehensive and coordinated training, drawing on best European practice, for administrators at various levels in the partner countries. This would standardise the training process for staff in those countries (e.g. improving English skills) and would give them high professional and ethical standards;

22. commends the EU pilot programme, implemented through the TAIEX-REGIO PEER 2 PEER mechanism, for public administrators in Georgia, Moldova and Ukraine; based on the principle of job-shadowing, this allows experience to be acquired in the EU Member States and that knowledge and expertise then to be passed on to participants' own authorities in the EaP countries. The Committee suggests increasing the participation of administrators from local and regional authorities in this programme and advocates opening it up to all the EaP countries. We welcome the launch of the European Commission programme seconding national experts in professional training (NEPT), which was designed for the EaP countries, as well as the announcement of a new phase of the programme for young professionals (EU4Youth) for those countries. Another way of improving administrative skills in the EaP countries could be for them to take part in the JASPERS initiative, which provides help in preparing EU projects;

23. supports partnerships between local and regional authorities of EU Member States and relevant authorities of EaP countries, as well as similar partnerships between local and regional authorities of EaP countries. Cooperation between regions, towns or cities and municipalities is an example of this type of partnership. Such partnerships could be an opportunity to share information and experiences, and for cultural and youth exchanges, organising training, expert visits, and work experience for administrators, as well as other activities;

24. is therefore pleased to note the success of the pilot programme for partnership between cities and regions from the EU Member States and similar entities in Ukraine (under the *U-LEAD with Europe* programme). This 12-month programme of cooperation under the auspices of the Committee of the Regions supported decentralisation in Ukraine, with a particular focus on improving economic governance, e.g. in the spheres of energy, tourism and rural development;

25. proposes that support for good governance at local and regional level in the EaP countries include promoting analytical and expert work on local and regional development, and that the most critical problems and barriers to development identified at this level be resolved. This expert work could be set up by local civil society organisations (think tanks) and other analytical or scientific bodies in cooperation with similar bodies from EU Member States;

26. sees technical and organisational support for civil society organisations, local media and associations of local and regional authorities as an important aspect of good governance at local and regional level in the EaP countries.

27. considers another important aspect of supporting good governance to be that local and regional governments respect the rights of national minorities and include them in making, and subsequently implementing, decisions;

### **Supporting economic and social development**

28. endorses all initiatives to support economic and social development in the EaP countries, particularly at local and regional level, and consequently welcomes the European Union *Mayors for Economic Growth* (M4EG) initiative, launched in 2017, which operates in the framework of the EaP. This should, among other things, enable local authorities to boost economic growth, e.g. through introducing regulatory changes, improving access to finance, developing infrastructure and human resources, and improving capacity to attract external investors;

29. with reference to CoR opinion CIVEX-VI/030, reiterates its call for official high-quality statistics to be made available in the EaP countries at local and regional level so that social and economic development can be managed more effectively and strategically. Wherever possible the statistics should be broken down by gender;

30. notes that the lack of such high-quality statistical data has made it impossible to reliably estimate the economic potential of individual regions or areas at local level and assess the effectiveness of socioeconomic projects implemented by them, and has also impeded anti-corruption efforts and prevented the introduction of transparency in the social sphere;

31. also supports experience-sharing and expert assistance from the EU Member States in strategic management of local budgets, more efficient management of local services and introduction of participatory budgeting with citizen participation, etc.;

32. recommends ensuring stronger support for initiatives to boost local and regional entrepreneurship, particularly among SMEs, in the EaP countries, as well as promoting the principles of social entrepreneurship;

33. furthermore, recommends introducing programmes to support energy efficiency and development of renewable energy in the EaP countries, taking into consideration the need for these programmes to be decentralised to the local and regional levels, and therefore welcomes the *Covenant of Mayors East (CoM East)* initiative to promote and implement EU energy and climate policy targets in the EaP countries. This should in particular help local authorities in those countries to introduce sustainable energy and guarantee security of energy supply, and also to adapt to climate change;

34. supports increased participation of the EaP countries in the Erasmus+, Creative Europe, COSME and Horizon 2020 programmes, as well as other initiatives of this type, under the next EU multiannual financial perspective. At the same time, the Committee recommends establishing preferences in relation to how the EaP countries' participation in such programmes is organised, e.g. setting up of consortia between entities from EaP countries and EU Member States;

35. recommends promoting the principles of transparency and prevention of corruption in EaP countries in the case of joint projects carried out by local and regional authorities and local market operators including, for example, SMEs as well as foreign investors;

### **Development of cross-border cooperation**

36. points out that cross-border cooperation initiatives are an important tool which could help achieve EaP goals, including in particular cooperation between the EaP countries and EU Member States, as well as local and regional development;

37. therefore welcomes the development of EaP territorial programmes (Eastern Partnership Territorial Cooperation Programmes/EaPTCs), involving selected local and regional authorities from four country pairs: Armenia-Georgia, Azerbaijan-Georgia, Belarus-Ukraine, and Moldova-Ukraine. These territorial cooperation programmes should be implemented as they have been to date between EaP countries, as well as between border regions of EaP countries and EU Member States;

38. points out that cross-border cooperation should have the following goals: development of people-to-people contacts; cultural and youth exchanges; experience-sharing among civil society and on the subject of how local media operate; scientific and expert exchanges to support decentralisation and local and regional development, and to help improve the functioning of public administration; and partnerships between local and regional authorities;

39. notes that cross-border cooperation could be organised along the lines of similar programmes operating in the EU. To that end it would make sense to apply the good practices of the Interreg programme, which has been successfully implemented in border regions of the EU for over 20 years;

40. with regard to the cross-border programmes, draws particular attention to the human element in ensuring that border areas of the EaP countries, as well as the EU, become areas of cooperation and often also of reconciliation. Small-scale people-to-people (P2P) projects, which might be separated administratively from larger programmes, have the potential to attract broad interest. P2P projects are designed to involve as little red tape and be as accessible as possible to potential beneficiaries (schools, hospitals, youth and religious organisations, etc.) by reducing the contribution required from these stakeholders; for the future development of permanent structures with legal personality, it could also be analysed whether a sort of 'EaP Grouping of Territorial Cooperation' (similar to EGTC) could be envisaged;

41. believes that cross-border programmes should channel financial resources to selected local and regional authorities in the EaP countries and accrue experience on that basis, initially working as pilot projects;

### Communications

42. believes that expansion of communications networks – road, rail, telecommunications, etc. – should be an important element of strengthening cooperation between the EaP countries and between them and the EU Member States;

43. therefore welcomes the creation of the *Neighbourhood Investment Platform* (NIP), whose activities are funded partly by the European Fund for Sustainable Development (EFSD) and partly from other sources based on a combination of grants and loans ('blending'). The EFSD also provides financial guarantees for these investments. By 2019, some 15 projects for EaP countries had been initiated or approved through the NIP, with funding of EUR 151 million, while as much as EUR 1,8 billion in total could be mobilised from all sources. Much of this investment has been earmarked for developing network infrastructure, including transport infrastructure. Some of the investment is earmarked for local infrastructure (under the *Municipal Infrastructure Investment Programme*);

44. points out that transport initiatives should not only be carried out with EU funding directly earmarked for the EaP, but also through programmes that draw on a combination of funding instruments ('blending'). The Committee therefore welcomes investment in the EaP countries under the indicative TEN-T Investment Action Plan and the possibility of activities under the Connecting European Facility. Some of this investment is also local in nature and is helping to develop communication links between the towns and regions of the EaP. Opportunities to draw on other EU investment resources and programmes should be increased, and the EaP countries should be given easier access to these funding sources;

45. believes that the EaP objectives would be better achieved by raising the ceiling for EU funding in the next financial (post-2020) perspective, and welcomes the European Commission's proposal to increase by around 25 % funding for the new instrument earmarked for external action (*Neighbourhood, Development and International Cooperation Instrument*). It is important that there be a comparable increase in funding for the EaP, however. In addition, the possibility should be considered of dedicating specific resources from this instrument to implementation of the objectives by local and regional authorities in the EaP and for cross-border cooperation.

Brussels, 5 December 2019.

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

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**Opinion of the European Committee of the Regions – Action Plan against Disinformation**

(2020/C 79/10)

<b>Rapporteur:</b>	Randel LÄNTS (EE/PES), Member of Viljandi City Council
<b>Reference document:</b>	Joint Communication to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions: Action Plan against Disinformation  JOIN(2018) 36 final

**POLICY RECOMMENDATIONS**

THE EUROPEAN COMMITTEE OF THE REGIONS

**Comments**

1. welcomes the European Commission's initiative to counter disinformation<sup>(1)</sup> which raises awareness of the problem and warns against the deteriorating effects disinformation can have on electoral processes and the integrity of democratic institutions. The CoR welcomes the multi-stakeholder approach towards disinformation that encourages participation of governments, civil society, and the private sector, and builds on cooperation, education and regulation;

2. reaffirms the points made in its opinion *Tackling online disinformation: a European approach*<sup>(2)</sup>. In particular, the CoR would like to point out that people need to be made more aware of this problem and that one way of increasing awareness is through education in schools;

3. notes favourably that the issue of disinformation, both as regards processes within the European Union and developments beyond its borders, and involving actors from within and outside the Union, is high on the agenda of the incoming European Commission; looks forward to working closely with the newly constituted team of European Commissioners on bringing the experience and concerns of sub-national levels of governance to bear on these matters;

4. welcomes the European Parliament's resolution on foreign electoral interference and disinformation in national and European democratic processes and reiterates the need for a coordinated multi-level, multi-stakeholder approach to tackle the phenomenon, including the perspective of local and regional authorities;

5. notes that disinformation, as a problem embedded in complex and rapid socioeconomic changes, has to be tackled holistically. The CoR believes that local and regional authorities are well suited to take part in discussions on the threat of disinformation, and to initiate and coordinate counter-measures;

6. points out the existence of fully-fledged operations set up to spread false information, and that countering them requires joint and sustained efforts by institutions, social media platforms and civil society;

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(1) Joint Communication to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions: Action Plan against Disinformation.

(2) Opinion of the European Committee of the Regions: *Tackling online disinformation: a European approach*.

7. notes that new ways of accessing and disseminating information will require empowering citizens to counter online disinformation through knowledge, digital skills and actions. Development of media literacy fosters critical thinking by citizens and allows them to examine in depth information and its sources. This process enables citizens to make informed choices about the consumed content, notably strengthening their societal resilience. The urgency of the matter is highlighted by the fact that more than half of the EU population are getting their daily news from social media;

8. considers, however, that people's habits and skills in media use are still influenced by the trustworthiness of 'traditional' media, which in turn is based on the editorial responsibility associated with the press. That we have so far operated in a reliable and constructive public information space comes from the knowledge that a business providing journalistic content is accountable in legal, economic, ethical and reputational terms for ensuring that the information published is true;

9. notes that there is little or no monitoring of editors or the reliability of the information disseminated in the new media. At the same time, recent years have seen the emergence of new ways and means by which false information can be presented as credibly and realistically as possible;

10. points to experience to date from various issues and campaigns in the field of citizenship education which show that only a long and complex process can raise people's awareness and change their behaviour, inter alia, by imparting 'media literacy' skills. The media, politicians and decision-makers can talk as much as they like about false information, but they only have limited impact in changing people's behaviour;

11. acknowledges that it has not yet been possible to get all these aspects included in citizenship education programmes or to make them part of people's general awareness or the day-to-day practice of the new media. Education for citizenship and outreach are needed to achieve long-term changes in behaviour. In addition to the education system and the fostering of civic attitudes and behaviour, it is also crucial that outreach work is broadly framed and target groups are appropriately addressed through their preferred media channels;

12. stresses that social media platforms generate substantial profits in the European Union, but do not provide any user services that would deliver quick assistance in relation to content. Communication with social media platforms is unsystematic, individual and only occasional; there is no standardised, swift and effective procedure against false information or hate speech;

13. deems it essential for securing a balanced, evidence-based public information space that, for social media platforms on which political posts are published for a fee, uniform requirements apply regarding the veracity of the information contained in such posts. Should a political post which has been paid for prove not to comply with these requirements, the social media platform must be obliged to remove the content concerned;

14. is concerned that social media platforms have so far been successful in sidestepping legislation that would require them to support users in relation to content and to address their problems in real time and in the language of the relevant Member State;

15. is concerned that individuals often lack the necessary skills and knowledge and do not know how to react to false information or how to behave when they or those close to them are victims of such information or hate speech. It is smaller municipalities in particular that still often lack the necessary experience and do not know how to react to global social media platforms in a crisis situation;

16. regrets that problems are often exacerbated by the fact that social media platform staff do not understand the cultural context and the specificities on the ground and that communication is mostly in English and very time-consuming. A response must be found quickly when disinformation is spread, but so far social media platforms have been passive and short on transparency;

17. regrets that local authorities, who are best informed of what is happening on the ground, play only a secondary role in combating the spreading of false information – they are often lacking in knowledge, skills and resources. What is more, the fight against disinformation, unlike social services, education and welfare, is not one of the traditional competences of local and regional authorities;

18. points out that there is a lot local and regional authorities could do against disinformation. They could help people to distinguish between real information and disinformation by making their own work more open and transparent and holding citizens' dialogues and public debates live and online. They should collaborate in these efforts with local and regional journalists, academia and think tanks, civil society, national authorities and EU bodies, institutions, activists and political commentators;

19. points out, however, that combating and pursuing disinformation requires specific skills and tools which the average official or specialist in a regional or local authority does not yet have. Skills and knowledge gaps and lack of experience are important strategic disadvantages which hinder the effective identification of disinformation and prevention of its dissemination;

20. notes that the importance of the public infosphere and the speed with which information is disseminated have a considerable impact on the conduct of politics and on the mood in society. It is vital, therefore, that the ability of regional and local authorities and other local stakeholders to tackle disinformation is urgently expanded;

21. stresses that combating the spread of disinformation must on no account amount to the monitoring of beliefs or censorship or give any such impression. The possible spread of disinformation must be systematically and continuously monitored in the run-up to elections and in times of crisis and abrupt social change, but not all the time. Preventing disinformation can in no sense be equated with restricting freedom of speech, monitoring political views or a move towards a surveillance society; on the contrary, it is a prerequisite for freedom of expression and opinion;

22. stresses that the fight against disinformation must be waged in complete transparency, with the public having access to comprehensive information and being kept abreast of, for instance, data protection, personal data processing and financing aspects. Without sufficient transparency, there is a great risk that measures to counter disinformation themselves fall victim to hostile information attacks;

23. takes the view that regional and local media and civil society must be involved in the fight against disinformation as fully as possible. Because of their day-to-day work and professional experience in recognising disinformation, journalists are trained and more aware and attentive than others that are not operating in the infosphere on a daily basis.

24. points out that financial resources, greater cooperation and strengthening of know-how should be used to promote various initiatives for fact-checking by journalists and civil society, the debunking of myths and the dissemination of reliable information;

25. considers it important to involve civil society actors including at local and regional level, in building networks of fact-checkers, thereby increasing transparency and providing knowledge about local circumstances. The so-called credibility principle which means that fact-checkers could be compensated according to the intensity and accuracy of their activity – could be borrowed from the collaborative economy in order to increase the number of people involved. In such a system, the fact-checking community would be regulating its own work and would also ensure its own standards through peer review. Furthermore, it is crucial to further develop institutional networks and tools at national and European level;

26. points out that the training and awareness-raising of civil society representatives help to expand the network against the spreading of fake news and incorrect information and to reduce the risk of official censorship or attempts to curtail freedom of expression;

27. stresses that there are also certain publicly available technologies that enable the timely and easier detection of large-scale disinformation campaigns and would facilitate the fight against disinformation. The relevant algorithms to monitor activity on social media could be further developed to identify large scale disinformation campaigns and, where serious cases are detected, trigger appropriate responses;

28. stresses that the rapid and effective pooling of information and experience in countering disinformation is essential. Analysis of experience in regions and municipalities, as well as cases where false information has been disseminated, could bring to the fore the similarities, patterns, mistakes and successes of these campaigns. The European Union should therefore deploy funding and its network to help local and regional authorities and Member States share experience and learn from one another;

## Proposals

29. suggests that policy recommendations or regulatory measures be used to encourage social media platforms to do far more outreach work to educate users on disinformation and verification of sources. In the run-up to elections or referenda, as well as in times of crisis, social media could show content explaining the specific context and warning users of sources of disinformation; notes in this context that early analysis of the recent European election campaign suggests that many platforms did provide information to alert users to the specific situation, which helped to limit the impact of any disinformation activity;
30. believes social media platforms must be encouraged, through policy recommendations or regulatory measures if necessary, to contribute more than hitherto to the development of comprehensive networks of fact-checkers which will probably require some form of compensation system based on revenue generated by new media; considers it also crucially important to promote reliable media operators at national, regional and local level, where public service operators in particular play a significant role, and will continue to do so in future;
31. recommends the adoption of regulatory measures aimed at detecting disinformation campaigns and countering them, including through cooperation with social media platforms and reporting. By introducing common reporting standards on combating disinformation, it would be possible to follow the activities of social media platforms over a longer period of time, where appropriate have them monitored by independent third parties and thus obtain a comprehensive overview of the extent of the problem;
32. recommends a Europe-wide legal framework that obliges global social media platforms to provide a helpdesk and contact point in every Member State, operating in the language of the country. Every citizen, councillor and representative of a non-governmental organisation should be able to easily turn to customer helpdesks, which should be based on similar principles throughout the European Union. Providing such customer support in the mother tongue and the physical presence of a helpdesk would greatly facilitate the fight against false information and strengthen citizens' rights;
33. recommends that social media platforms provide means for people to report (attempts at) the dissemination of false information without major inconvenience;
34. calls for consideration to be given to providing financial support to regional and local authorities and citizens' associations across Europe in order to increase the capacity to detect disinformation, combat its dissemination and improve collaboration, including across borders, between public authorities and citizens' associations;
35. recommends providing 'Guidelines for dealing with Disinformation' through the network of fact-checkers, to generate learning through educational establishments and local authorities in order to encourage critical thinking in combating disinformation;
36. notes the need to develop in the younger generations the ability to analyse facts, critical thinking and common sense in order to enable them to decipher and compare the information they receive, and considers it necessary to this end to foster awareness-raising measures (debates, dialogues, etc.) in education and training establishments to combat disinformation.

Brussels, 5 December 2019.

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

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**Opinion of the European Committee of the Regions – The European Commission Report on Competition Policy 2018**

(2020/C 79/11)

<b>Rapporteur:</b>	Dominique LÉVÊQUE (FR/PES), Mayor of Aÿ-en-Champagne
<b>Reference documents:</b>	European Commission Report on Competition Policy 2018 COM(2019) 339 final

**POLICY RECOMMENDATIONS**

THE EUROPEAN COMMITTEE OF THE REGIONS,

**General considerations**

1. considers that an undistorted and effective competition policy is an essential foundation for the European project. It is not an end in itself but rather a tool for implementing the internal market; this is necessary in order to achieve the European Union's (EU) aims as defined in Article 3 of the Treaty on European Union (TEU), which is based in particular on the strategic framework of the Sustainable Development Goals (SDGs), a social market economy, and social progress. The implementation of competition policy must also be consistent with other EU policies (Article 7 of the Treaty on the Functioning of the European Union (TFEU)), and must comply with the cross-cutting requirements relating to employment, the environment and consumer protection, as set out in Articles 9, 11 and 12 TFEU;
2. notes that Article 3 TFEU provides the EU with sole authority over the establishment of competition rules, and that the Commission exercises direct executive powers. As a result, the legal mechanisms for ensuring compliance with the subsidiarity principle do not apply to competition policy (Article 5 TEU). However, this exclusive competence does not exempt the Commission from the obligation to maintain a continuous dialogue and due consideration in the context of the preparation and assessment of competition mechanisms with Member States' public authorities at all levels of government, national competition authorities, the European Parliament, the European Committee of the Regions (CoR), the European Economic and Social Committee and civil society, and consumer associations in particular;
3. welcomes the Report on Competition Policy 2018, but notes that it mainly provides an overview of the Commission's principal decisions in 2018 and of developments in competition law, without putting forward any pointers for reform. However, the political guidelines for the next European Commission 2019-2024, presented by the president-elect on 16 July, entail reforms to European competition policy, in particular in connection with the 'Green Deal for Europe', new legislation on digital services and the creation of a special public-private fund for IPOs of small and medium-sized companies;
4. deeply regrets that the United Kingdom-European Union withdrawal agreement of 17 October 2019 no longer contains binding measures guaranteeing that in future, the United Kingdom will comply with EU rules and regulations on State aid, competition and relevant tax matters. The United Kingdom's commitment, which is neither binding nor specific, to maintain 'a level playing field' thanks to 'common high standards' in these areas, as stipulated in the political declaration accompanying the agreement, provides inadequate protection for the United Kingdom's citizens, workers and businesses;

**United Kingdom withdrawal from the EU**

5. notes that the United Kingdom (UK) will remain subject to EU competition rules at least until the date on which it leaves the EU. Investigations opened before this date might not be finalised until after the date has passed; however, the decisions arising from these investigations will still have to be implemented; welcomes in this regard the clarifications provided by the Commission in its notice of 25 March 2019 on the consequences of the UK's withdrawal for EU <sup>(1)</sup> competition law, but regrets that this notice only deals with antitrust and merger control;

(1) [https://ec.europa.eu/info/sites/info/files/file\\_import/eu-competition-law\\_en.pdf](https://ec.europa.eu/info/sites/info/files/file_import/eu-competition-law_en.pdf)



6. considers that, in the event of a British withdrawal, vigilance will also be required if the UK government does not stand by its commitment to continue State aid control by maintaining a common regulatory framework with the EU; reiterates, moreover, its request to explore the possibility of putting in place temporary measures to adapt State aid rules (i.e. relax or suspend) in certain geographical areas and economic sectors that would be particularly affected by the consequences of the UK withdrawing, especially if such a withdrawal takes place outside a negotiated framework ('no deal'); this should result in the expansion of General Block Exemption Regulations;

### EU competition policy and industrial strategy

7. notes that the Council invited the Commission 'to present, by the end of 2019, a long-term vision for the EU's industrial future, with concrete measures to implement it'. In this context, the CoR has already expressed its belief that 'an EU industrial strategy should also include a detailed and evidence-based revision of EU rules on aid and merger control to ensure a level playing field at international level, in accordance with global trade policies and multilateral agreement. At the same time, this strategy should also include the investment and innovation potential of state aid and merger operations' <sup>(2)</sup>. The CoR considers that the parameters of this potential include the ability to create or maintain industrial jobs in the EU, in particular by participating in the transformation of troubled industrial sectors and the production of strategic components for European industry;

8. proposes a methodological turnaround in the monitoring of research, development and innovation (RDI) by limiting the Commission's *ex ante* controls to a minimum, shortening the deadlines for examining this aid, and simplifying the measures for important projects of common European interest (IPCEIs) <sup>(3)</sup>. Such a turnaround would facilitate the implementation of IPCEIs, only one of which, in the microelectronics sector, has been successfully launched for a total of EUR 1,75 billion. The IPCEI project for the development and production of next-generation battery cells and modules (with a total investment of EUR 6 billion and EUR 1,2 billion in State aid) was presented to the Commission last May;

### State aid – general considerations

9. welcomes the fact that the process of modernising State aid control, initiated in 2014, has facilitated an increase in the number of exemptions, with more than 96 % of new aid measures implemented since 2015 under the General Block Exemption Regulation (GBER), as well as focusing State aid control on the major challenges;

10. stresses the importance, in terms of transparency, of the development of the 'Transparency Award Module' <sup>(4)</sup> platform, which can transmit and publish data on State aid in excess of EUR 500 000, and notes that by the end of 2018, 25 Member States had published information on more than 43 000 aid payments;

11. points out once again that it feels strongly that the 2016 Commission communication on State aid is a springboard for public authorities to gain a better understanding of this complex issue. Nonetheless, asks the Commission to update it in light of developments in its decision-making process and European case law, particularly as regards selectivity;

12. calls on the Commission to raise the ceiling for *de minimis* aid from EUR 200 000 to EUR 500 000 over a period of three fiscal years given that this ceiling was established in 2006;

13. notes that, in 2018, the Commission launched a fitness check of State aid rules that should be followed in early 2020 by a series of proposals to revise these rules; insists in this context that the CoR be fully and promptly involved in analysing proposals relating to those mechanisms that are most intrinsically linked to the competences and to the political, economic and social sphere of activity of local and regional authorities, namely: the GBER; the *De minimis* Regulation; the guidelines on regional State aid; the framework for State aid for research, development and innovation (RDI); the Communication on State aid in relation to important projects of common European interest (IPCEI); the Risk Finance Guidelines; the guidelines on State aid to airports and airlines; the guidelines on Aid for environmental protection and energy; the guidelines on State aid for rescuing and restructuring; and finally the Railway Guidelines;

<sup>(2)</sup> CoR opinion – *A placed-based approach to the EU industrial policy strategy*, 26 June 2019, point 16.

<sup>(3)</sup> See the Franco-German manifesto for an industrial policy for the 21st century <https://ue.delegfrance.org/manifeste-franco-allemand-pour-une> [Link only available in French].

<sup>(4)</sup> See <https://webgate.ec.europa.eu/competition/transparency/public>

14. takes note of the public consultation conducted between 6 June and 27 September 2019 on the proposal to revise the GBER with a view to accompanying the next Multiannual Financial Framework (MFF) and intended to identify the simplest and most effective means possible of facilitating a mix of national funding and funding from the EU budget; welcomes in particular the proposal to extend the current block exemption, which is limited to aid to SMEs, to large undertakings without prior notification (Article 20); also welcomes the fact that the GBER may provide for simplified block exemptions for very low amounts of aid granted to ETC projects (up to EUR 20 000 per undertaking and per project) (Article 20a); lastly, supports the increase in the aid intensity ceiling for SMEs to 80 %; points, however, to two further concerns:

- i) the need to clarify that use of own resources by public bodies taking part in projects does not count as government contributions when calculating maximum aid intensity rates; and
- ii) confirmation that aid granted under Article 20a is not subject to the requirement for reporting (Article 11) and monitoring (Article 12) of the GBER and does not entail any information requirement on the part of third parties;

15. takes note of the Commission's Communication on the recovery of unlawful and incompatible State aid, published on 22 July 2019 <sup>(5)</sup>, as part of the implementation of Council Regulation (EU) 2015/1589 of 13 July 2015 laying down detailed rules for the application of Article 108 of the Treaty on the Functioning of the European Union <sup>(6)</sup>. Within this legal framework, the communication in question provides no abatements to recipients of State aid and in particular de minimis State aid. The limitation period of 10 years for de minimis aid has therefore not been reduced, even though, as a result of procedural steps with suspensory effect, it is in fact much longer. Nor has the Commission agreed to waive recovery in cases where it has created a legitimate expectation, when the information necessary for recovery is not available or when a decision on the part of a national court that specifically deals with the existence of aid becomes definitive. In addition, the Commission considers that, if the total amount of aid cannot be recovered, not only must the beneficiary be declared insolvent, but no restructuring or temporary continuation of its activity may be authorised without first recovering the full amount. This approach is difficult to reconcile with the aim of national and European insolvency proceedings. Although State aid recovery procedures aim to retroactively remove the distorting effects of unlawful aid, corporate restructuring under insolvency law also takes account of other objectives, such as maintaining employment. The CoR therefore calls on the Commission to consider presenting a proposal to amend Regulation (EU) 2015/1589;

16. points out that the arrangements for State aid in the banking sector have not changed since August 2013 <sup>(7)</sup> while the economic context has been transformed, and the question therefore arises of whether the precondition that any aid should help to 'remedy a serious disturbance in the economy of a Member State' (Article 107(3)(b) TFEU) is still relevant;

17. welcomes the judgment of the General Court of 24 September 2019 in Joined Cases T-755/15 and T-759/15 on the validity of the European Commission's decision of 2015 on aid granted by Luxembourg to Fiat Chrysler Finance Europe. The judgment effectively confirms that a selective advantage through a tax ruling may constitute State aid that is unlawful and incompatible with the internal market and that the examination by the Commission of a tax ruling from the point of view of State aid rules does not constitute 'tax harmonisation'. At the same time it underlines that, in line with the judgement of the Court of 15 November 2011 in Joined Cases C-106/09 and C-107/09P, 'it falls within the competence of the Member States to designate bases of assessment and to spread the tax burden across the different factors of production and economic sectors';

### State aid for services of general economic interest (SGEIs)

18. notes that when applying EU State aid rules on SGEIs, the Treaties confer a wide power of discretion on the Member States with regard to the definition of an SGEL. The principles of local and regional self-government, economic, social and territorial cohesion, and neutrality with regard to the system of property ownership in the Member States guaranteed in Article 3 TEU and Articles 14, 106 and 345 and Protocol 26 of the TFEU should also be respected;

<sup>(5)</sup> [https://ec.europa.eu/competition/state\\_aid/legislation/recovery\\_notice\\_en.pdf](https://ec.europa.eu/competition/state_aid/legislation/recovery_notice_en.pdf)

<sup>(6)</sup> OJ L 248, 24.9.2015, p. 9.

<sup>(7)</sup> Communication from the Commission on the application, from 1 August 2013, of State aid rules to support measures in favour of banks in the context of the financial crisis.

[https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52013XC0730\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52013XC0730(01)&from=EN)

19. stresses the importance, for SGEIs in the social housing sector, of the judgment that the General Court issued on 15 November 2018 in response to an appeal lodged by social housing authorities in the Netherlands <sup>(8)</sup>. On the one hand, this judgment clarifies the Member State's obligation to show that, in order for competition rules not to apply, the scope of SGEIs for social housing must be necessary and proportionate to the real need for a public service in the area of access to housing; on the other hand, it limits the Commission's role to checking for manifest error. The definition of SGEIs in the housing sector contains a manifest error if it is unclear, since it merely provides priority accommodation to people who cannot find suitable housing, without defining said target group;

20. reiterates in this regard <sup>(9)</sup> its call for the scope of the Commission Decision of 20 December 2011 to be clarified with regard to social housing. In order to respond to the alarming housing situation of many people on low or even average incomes and the range of situations in local property markets, and also in order to respect Member States' discretionary power in defining an SGEI and with due regard for the subsidiarity principle, the decision should apply to providing social housing for specific groups whose housing needs cannot be met by the market, largely because of limiting factors such as solvency and other sources of vulnerability. The precise nature of these needs must be clearly defined by the competent authorities in the Member States using appropriate and transparent criteria;

21. notes that on 7 December 2018 the Commission approved the extension of the period of application of its De minimis Regulation for companies providing SGEIs until 31 December 2020. In this context, the Committee notes that it has requested the following:

- that the de minimis thresholds for State aid for SGEIs be raised (beyond compensatory measures up to EUR 500 000 over any period of three fiscal years);
- that the definition of 'reasonable profit' of an SGEI be revised, in particular so as to reflect the fact that, through incentives or an increase in the percentage of recognisable reasonable profit, such profit is often reinvested in SGEIs;

#### **State aid for environmental and energy transition**

22. stresses the importance of ensuring that the Commission's policy on aid for environmental and energy protection is fully in line with the implementation of the Paris Agreement under the UNFCCC, promotes sustainable energy in the form of renewable energies and greater energy efficiency, as well as combating energy poverty, securing energy supply and strengthening territorial cohesion; calls in this context for an end to State aid for fossil fuel extraction;

23. draws the attention of the members of the European Committee of the Regions and more broadly of the representatives of local and regional authorities to the current consultation (ongoing until 6 November 2019) on the evaluation of the State subsidy rules for health and social services of general economic interest <sup>(10)</sup> and looks forward to significant feedback based on practical experience. For its part, gives voice to the difficulties encountered by regional and local authorities in clearly defining 'disadvantaged citizens' in connection with social housing and concerning the method for calculating overcompensation;

24. takes note of the review process of the guidelines on certain State aid measures in the context of the greenhouse gas emission trading scheme launched on 20 December 2018;

25. intends to contribute the following elements to the forthcoming revision of the Guidelines on State aid for environmental protection and energy:

- requires that State aid for biomass and biomethane be subject to guarantees of origin;
- recommends the introduction of provisions on storage and self-consumers of renewables, ensuring consistency with the revised Renewable Energy Directive (in particular Articles 21 and 22);

<sup>(8)</sup> Case T-202/10 RENV II: <http://curia.europa.eu/juris/document/document.jsf?text=&docid=207808&pageIndex=0&doclang=fr&mode=1st&dir=&occ=first&part=1&cid=14523814> [Not available in English].

<sup>(9)</sup> See point 41 of the CoR opinion on *State Aid and Services of General Economic Interest* (ECON-VI/013), adopted on 11 October 2016.

<sup>(10)</sup> [https://ec.europa.eu/info/law/better-regulation/initiatives/ares-2019-3777435\\_en](https://ec.europa.eu/info/law/better-regulation/initiatives/ares-2019-3777435_en)

- calls for the granting of aid to be linked to an obligation for transparency whereby costs that are passed on to consumers are clearly defined in invoices (in line with Directive (EU) 2019/944 of the European Parliament and of the Council <sup>(11)</sup> on the energy market);
- suggests that point 220 of the guidelines be amended so that Member States are obliged to demonstrate that they have prioritised alternative means of achieving the aim of gradually phasing out environmentally or economically harmful subsidies, such as giving priority to demand management and energy efficiency measures, increasing interconnection capacity and opening up the system to renewable energy <sup>(12)</sup>;

26. calls on the Commission to check whether the kerosene tax exemption amounts to a distortion of competition benefiting the aviation sector, based on an incorrect interpretation of the Chicago Convention on International Civil Aviation (1944). This convention states that in the case of international flights, fuel contained in the tanks of an aircraft cannot be taxed on arrival in a country, but says nothing about taxation at time of fuelling. As a result, as is the case in some Member States, a State could, in any case for domestic flights, impose a tax on tickets if the aircraft is in direct competition with a rail service, or a tax on kerosene to limit greenhouse gas emissions. In view of the impact of these taxes on the EU's internal market, it would however be preferable for such taxation to be coordinated at European level; considers therefore that the 'Fairosene' European Citizens' Initiative, which seeks to end the aviation fuel tax exemption in Europe, merits careful consideration <sup>(13)</sup>;

27. reiterates its call <sup>(14)</sup> for coal regions to be identified as assisted areas in accordance with Article 107(3)(a) and (c) of the Treaty on the Functioning of the European Union (TFEU), and for the EU aid rules for these special regions to be adapted so as to enable measures to be taken to deal with structural change [...]. In addition, consideration should be given to whether such support measures could be based on Article 107(3)(b) TFEU, given the high-profile and exemplary importance of the climate-resilient transformation of coal regions for EU energy and climate policy';

### Competition policy and economic, social and territorial cohesion

28. welcomes the fact that in 2018 the Commission implemented the Broadband Guidelines for the first time by enabling public authorities to support the roll-out of broadband, specifically a Bavarian project <sup>(15)</sup> for the deployment of very high capacity networks in six rural municipalities. Given that achieving the Digital Single Market connectivity objectives should require an overall investment of around EUR 500 billion over the next 10 years, it is important for competition policy to take into account the specificities of broadband deployment in rural areas, in order to serve the public interest and reverse the trend towards increasing disparities between rural and urban areas regarding access to technology;

29. stresses that in its opinion on the framework regulation on structural and investment funds, the CoR proposed that, in the context of State aid schemes, the body granting the aid can be considered as the beneficiary of the aid (Article 2) 'where the aid per undertaking is less than EUR 200 000' and notes that the European Parliament and the Council have accepted this proposal;

30. recalls that, as far as European funds are concerned, the General Block Exemption Regulation (recital 26) states that 'Union funding centrally managed by the institutions, agencies, joint undertakings or other bodies of the Union that is not directly or indirectly under the control of the Member States does not constitute State aid. Where such Union funding is combined with State aid, only the latter should be considered for determining whether notification thresholds and maximum aid intensities are respected, provided the total amount of public funding granted in relation to the same eligible costs does not exceed the most favourable funding rate laid down in the applicable rules of Union law';

<sup>(11)</sup> Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU (OJ L 158, 14.6.2019, p. 125).

<sup>(12)</sup> Guidelines on State aid for environmental protection and energy 2014-2020, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52014XC0628%2801%29>

<sup>(13)</sup> <https://eci.ec.europa.eu/008/public/#/initiative>

<sup>(14)</sup> Points 29-31 of the CoR draft opinion on *The socioeconomic transformation of coal regions in Europe*, rapporteur Mark Speich (EPP/DE), adoption of the opinion scheduled for the plenary session of 8-9 October 2019.

<sup>(15)</sup> Case SA.48418 *Bayerisches Gigabit Pilotprojekt – Germany*, available at the following address: [http://ec.europa.eu/competition/elojade/isef/case\\_details.cfm?proc\\_code=3\\_SA\\_48418](http://ec.europa.eu/competition/elojade/isef/case_details.cfm?proc_code=3_SA_48418)

31. once again calls on the Commission to raise the threshold for applying the GBER to aid for regional airports significantly above the current threshold of 200 000 passengers per year, in view of the fact that they have no significant impact on trade between the Member States, they are structurally unable to cover their operating and investment costs <sup>(16)</sup> and this State aid is intended to develop safe and sustainable air transport infrastructure in underserved regions <sup>(17)</sup>;

32. regrets that, contrary to what the CoR had requested, the proposals made by the Commission in June 2018 for a post-2020 CAP reform did not include proposals for revising the competition rules applicable to the agricultural sector; calls therefore on the Commission to reconsider, irrespective of the interinstitutional monitoring of post-2020 CAP legislative proposals, its hitherto very restrictive interpretation of Article 101 TFEU in the horizontal guidelines, and not to hinder collective agreements concluded by producer organisations;

33. welcomes the fact that in March 2019 the Commission, in keeping with the CoR's demands, raised the individual ceiling for de minimis aid in the agricultural sector, increasing it from EUR 15 000 to EUR 20 000 and, under certain conditions, to EUR 25 000, while also raising the national ceiling for all de minimis aid from 1 to 1,25 % of a country's annual agricultural production over three years. These two increases effectively enable the upsurge of climate, health and economic crises to be taken at least partly into account;

### Competition policy in the digital era

34. welcomes the fact that the adaptation of EU competition policy to the digital age has been identified as a priority in the Commission's report and that the new competition programme for the period 2021-2027 will focus on issues related to the use of meta-data and algorithms;

35. regrets, therefore, that the proposals contained in the report on 'Competition policy for the digital era' <sup>(18)</sup>, presented last April, were not discussed at an earlier stage before the annual report; considers the following proposals to be particularly relevant:

- strategies used by dominant platforms to reduce the competitive pressure they face should be prohibited in the absence of clearly documented consumer protection gains;
- the Commission's investigations should place less emphasis on the analysis of market definition and more on theories of harm and on identifying anti-competitive strategies;
- access to the data available to the dominant undertaking, but not to competitors, and the sustained nature of such differentiated access to data should be analysed on a case-by-case basis;
- (i) data portability, i.e. the ability of users to transfer the data that a platform has collected on them; and (ii) data interoperability must be ensured;
- platforms representing systemic intermediation infrastructure should be required to prove that 'automatic preference' does not generate a long-term exclusionary effect on product markets, as argued in the complaint filed by twenty-three European electronic job boards against the 'Google for Jobs' programme;

36. calls for the establishment of European legislation that enables the relevant level of governance (local, regional, national or European), which has authorised platforms to perform services of general interest, to be able to access and monitor the algorithms used by these platforms;

37. supports a greater degree of control over acquisitions of start-ups by dominant or systemic platforms and/or ecosystems; also recommends that the jurisdictional thresholds set out in the EU Merger Regulation be amended so that acquisitions are assessed not only on the basis of turnover, but also on the value of the transaction, in order to better assess the competitive potential of start-ups, which in general do not follow a short-term profit model;

<sup>(16)</sup> CoR opinion of 28 November 2013 on EU guidelines on State aid to airports and airlines (COTER-V-043).

<sup>(17)</sup> See the decision of the European Commission on Angoulême airport, 23 July 2014: [http://europa.eu/rapid/press-release\\_MEMO-14-498\\_en.htm](http://europa.eu/rapid/press-release_MEMO-14-498_en.htm)

<sup>(18)</sup> <http://ec.europa.eu/competition/publications/reports/kd0419345enn.pdf>

## Merger control

38. stresses that the Commission's competition analysis needs to take better account of the issue of state control and subsidies granted to companies that can distort competition, especially in the case of competitors from third countries;

39. also calls on the Commission to consider modifying Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings (the EC Merger Regulation) <sup>(19)</sup> and updating the current guidelines on mergers. In concrete terms, the Commission should ensure that the structural commitments it requires to authorise mergers do not result in the sale of strategic assets to non-European competitors (as has occurred in 50 % of cases since 2010). Moreover, the timeframe of the Commission's analysis is in principle fixed at two to three years, which does not allow for anticipation of any major changes related to the entry of innovative actors into the market, especially in the digital sector. Therefore, the Horizontal Merger Guidelines could be amended by deleting the reference to the two-year deadline (point (74) and by stipulating that the timeframe of the analysis 'depends on the characteristics and dynamics of the market, as well as on the specific capabilities of potential entrants';

## The global dimension of competition policy

40. considers that the Commission should not only focus on the inclusion of chapters on competition when concluding new free-trade agreements, but should also monitor the implementation of agreements that have already been signed and should provide for retaliatory measures when European companies' access to foreign markets is restricted. In order to do so, it is necessary to explore the possibility of creating the role of 'chief enforcer' within the Commission;

41. calls for the legislative procedure for the adoption of the International Procurement Instrument to be relaunched, as proposed by the Commission in 2016 and with a view to opening up public procurement to international competition. Indeed, an instrument of this kind seems indispensable given that, during the negotiations within the WTO on the revision of the Government Procurement Agreement and bilateral negotiations with third countries, the EU confirmed that it was opening up its public contracts, worth around EUR 352 billion, while some countries signing the agreement only include public procurement in their schedules in a limited way (the United States, worth EUR 178 billion, and Japan, worth EUR 27 billion);

42. calls on all Member States to supplement the regulation for the screening of foreign direct investments <sup>(20)</sup> by means of monitoring mechanisms at national level, in particular to help Member States assist each other where a foreign direct investment in one Member State is likely to affect the security or public order of other Member States.

43. is pleased that in February 2019, the European Commission introduced definitive safeguards in response to the United States' decision to impose customs tariffs on iron and steel products. Imports of such products into the EU had in fact increased sharply, and constituted a serious threat to the EU's iron and steel companies which are still vulnerable owing to continuing overcapacity in the world's steel market and an unprecedented number of unfair trading practices on the part of certain trade partners. In line with the EU's WTO commitments, these measures shall maintain a constant flow of imports guaranteeing real competition in the European steel market and sufficient choice for the EU's many steel users. However, given the significant deterioration in the iron and steel industry's economic prospects, these safeguards must be reviewed without delay and reinforced where necessary.

Brussels, 5 December 2019.

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

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<sup>(19)</sup> OJ L 24, 29.1.2004, p. 1.

<sup>(20)</sup> Regulation (EU) 2019/452 of the European Parliament and of the Council.



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



**Publications Office of the European Union**  
L-2985 Luxembourg  
LUXEMBOURG

**EN**