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I

(Resolutions, recommendations and opinions)

RESOLUTIONS

COMMITTEE OF THE REGIONS

152ND COR PLENARY SESSION, 30.11.2022-1.12.2022

Resolution of the European Committee of the Regions on the European Commission Work Programme and the CoR political priorities for 2023

(2023/C 79/01)

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

Having regard to:

- the European Commission Work Programme (ECWP) for 2023 ⁽¹⁾,
- the Protocol of Cooperation with the European Commission of February 2012,
- the CoR Resolution on the European Committee of the Regions' priorities for 2020-2025 ⁽²⁾,
- the CoR Resolution on the European Committee of the Regions' proposals in view of the European Commission Work Programme for 2023 ⁽³⁾,
- the CoR's *EU Annual Report on the State of Regions and Cities* ⁽⁴⁾;

1. Welcomes that the European Commission Work Programme is largely based on the proposals of the Conference on the Future of Europe (CoFoE). As the implementation of some proposals would require Treaty amendments, the CoR shares the call of the European Parliament and of the President of the European Commission for establishing a Convention based on article 48 TEU. The CoR regrets, however, that the ECWP lacks reference and concrete proposals related to the CoFoE conclusions that foresee better recognition of the added value of regional and local authorities for European democracy;

2. Welcomes the renewed commitment of the Commission to use the Sustainable Development Goals as its overall guiding objective, especially by their integration into the European Semester and in the better regulation tools. The CoR invites the Commission to review the full potential of SDG localisation, including in the expected EU Voluntary Review, in order to achieve a sustainable recovery and complete the SDGs by 2030;

3. Stresses that the consequences of the ongoing climate emergency, the COVID-19 pandemic, Russia's war against Ukraine and the current record inflation rates triggered by increased food and energy prices as well as the structural migration and humanitarian crisis at the EU borders, with particular virulence in the Mediterranean and in the Atlantic,

⁽¹⁾ COM(2022) 548 final.

⁽²⁾ COR-2020-01392-00-00-RES-TRA.

⁽³⁾ COR-2022-02657-00-00-RES-TRA.

⁽⁴⁾ <https://cor.europa.eu/en/our-work/Pages/State-of-Regions-and-Cities-2022.aspx?origin=spotlight>

confirm the role of cohesion as a fundamental value of the European Union more than ever. Cohesion policy is the EU's most important investment policy and a key tool to support territorial cooperation and promote solidarity and integration. For this reason, the CoR will, in conjunction with its partners of the #CohesionAlliance⁽⁵⁾, focus in 2023, in particular within the review of the Multiannual Financial Framework (MFF), on further strengthening and enabling cohesion policy;

4. Commits to continuing its full support to Ukraine, its regions and municipalities, and to take up its responsibilities in Ukraine's reconstruction, notably through the European Alliance of Cities and Regions for the Reconstruction of Ukraine, which should be recognised as a partner in the Ukraine Reconstruction Platform. The CoR expresses concern that the concept of the platform, its financing modalities and its governance have not yet been presented. The CoR insists that the reconstruction process must ensure sustainable, green and digital approaches for integrated territorial development and goes hand in hand with promoting local democracy based on strong partnerships with local and regional authorities in the European Union, transparency and the fight against corruption. The CoR also considers that the EU's contribution to rebuilding Ukraine would require financial support going beyond the current Multiannual Financial Framework. Regions and cities hosting the highest number of refugees require additional financial support from the EU;

5. Commits itself to continue to support representatives of subnational governments from Ukraine, Moldova and Georgia through regular meetings in bilateral and multilateral settings, such as the European Alliance of Cities and Regions for the Reconstruction of Ukraine, as well as by facilitating peer-to-peer cooperation and promoting the organisation of holiday camps for children whose lives have been shaken by the war;

Bringing Europe closer to its people

6. Welcomes the setting up of European citizens' panels and the gradual introduction of place-based participatory mechanisms as a new feature of EU decision-making, including at local and regional level and with appropriate EU support in terms of financing and capacity building. Considers that this process will require a revision of the Inter-institutional agreement on Better Law-Making and needs to integrate a territorial dimension, building on the experience of local and regional authorities on participatory practices. The CoR also underlines the need for transparency and clear feedback to citizens on their proposals;

7. Welcomes the ECWP's emphasis on the need for informed policymaking based on evidence, better regulation principles and strategic foresight. Following up on the CoFoE proposals, the CoR recalls the contribution of local and regional authorities and the CoR itself are making to strengthen the evidence base for EU legislation, including through subsidiarity monitoring, territorial impact assessments, rural proofing implementation review by the RegHub network and the Fit4Future platform;

8. Highlights the key role that local and regional authorities play in defending European values and in countering challenges to democracy such as disinformation and malign interferences. The CoR stands ready to contribute to the Defence of Democracy Package and to the updates of the anti-corruption legislative framework. The CoR also highlights the key role of local and regional authorities in upholding the rule of law and would expect the annual event for promoting the rule of law recommended by the CoFoE to build on a series of meetings held at regional and national level;

9. Strongly supports the Commission's efforts towards a Union of Equality, including by proposing a European Disability Card, to ensure the mutual recognition of disability status across all Member States and urges the Commission to implement a plan to ensure universal full digital accessibility in the EU. The CoR also welcomes the announced legal initiatives on combating violence against women and domestic violence, on pay transparency and on guaranteeing the implementation of the EU anti-racism action plan 2020-2025. The CoR also recalls the need to implement the LGBTIQ Equality Strategy 2020-2025;

⁽⁵⁾ <https://cor.europa.eu/en/engage/Pages/cohesion-alliance.aspx>

10. Undertakes to follow-up on the legacy of the European Year of Youth and to increase youth participation in democratic life from the local and regional perspective on the basis of the European Charter on Youth and Democracy and by continuing the CoR's Young Elected Politicians programme (YEP), while closely linking youth to the 2023 European Year of Skills. The CoR also welcomes the new Commission initiatives such as Youth Ideas Labs and HealthyLifestyle4All;

11. Eagerly awaits the Commission's legislative proposal on the review of the economic governance framework, which must be reset in the light of the climate emergency, the COVID-19 pandemic and Russia's war against Ukraine, become more transparent and democratic and include a regional and local dimension in the European Semester. The CoR reiterates its call to differentiate between expenditures and investments, while reaching the aim of overall debt reduction, and expects new rules to be designed in order to support sustainable growth without undermining local and regional authorities' capacity to invest in public services and infrastructure;

Building resilient communities

12. Expects new key steps in 2023 for achieving the European Education Area as planned and expresses its support for updating the current EU learning mobility framework to enable learners to move more easily between education systems via an inclusive approach;

13. While welcoming the launching of the Culture Moves Europe permanent mobility scheme, the CoR regrets the lack of specific new initiatives in the field of culture and cultural heritage for 2023 and calls for the new EU Work Plan for Culture 2023-2026 to help mainstream these policies in other sectors;

14. Endorses the Commission's proposal to designate 2023 as the European Year of Skills (EYS) — with an active role of regions and cities — by promoting increased, more effective and inclusive training and up- and re-skilling for the green and digital transitions and the economic recovery. The Committee stresses the need to actively include cross-border and multilingual solutions in the education sector. The CoR will continue to actively support the Commission's relevant initiatives such as the Pact for Skills, and efforts to address the striking shortage of women in science, technology, engineering and mathematics (STEM) careers and education. Moreover, the CoR will support the Commission's special focus for greater labour market activation, with an emphasis on women and young people especially those not in education, employment or training (NEETs);

15. Eagerly anticipates the Commission's initiative for the digitalisation of social security systems and social safety nets in support of labour mobility, in connection with the ongoing work on ESSPASS;

16. Commits to contributing to the Commission Proposal for a Council Recommendation on developing social economy framework conditions;

17. Calls on the Commission to continue supporting the work of the European Covenant of Mayors for Climate and Energy, as well initiatives such as the New European Bauhaus and the EU mission on climate-neutral and smart cities as key instruments for implementing the European Green Deal in cities and regions across the EU and for helping local and regional authorities meet the adaptation targets, especially on islands, in other regions with geographical and demographic disadvantages and in the outermost regions;

18. Points out that the decarbonisation of the transport system and the shift towards more sustainable and environmentally-friendly modes of transport is an essential pillar of the European Green Deal. The CoR welcomes, therefore, the upcoming initiatives of the Commission to make transport more sustainable, in particular the Greening Freight Package. In this connection, the Committee calls for the continued cross-border expansion of freight transport and public transport to better connect border regions with each other and simplify cross-border tariffs and ticket bookings. Moreover, the CoR calls on the Commission to focus the revision of the Public Service Obligation guidelines on the implementation of the EU's Green Deal objectives. The CoR requests that the new guidelines, to be published in 2023, do not limit excessively the competence of local public transport authorities and do not introduce new legal concepts which risk creating legal uncertainty and inhibiting future investment in and development of public transport services;

19. Supports the REPowerEU overarching objective and welcomes the recognition of the importance of local and regional authorities in the plan. The local and regional authorities' capacity to protect citizens must be supported by financial and technical assistance, including direct funds;

20. Welcomes the announcement of a comprehensive reform of the EU electricity market and the creation of the European Hydrogen Bank to better prepare the EU for a decarbonised future; in this regard, invites the Commission to develop a comprehensive legislative proposal on energy poverty to provide clear guidance to Member States for the development of measures that tackle the root causes of the problem;

21. Invites the Commission to step up its efforts to increase the digital resilience of subnational administrations, to protect critical EU infrastructure against physical and cyber attacks, notably in the context of the war in Ukraine;

22. Calls on the European Commission to engage with local and regional governments on the implementation of initiatives stemming from the Glasgow Climate Pact and UNFCCC COP27 conclusions and support multilevel collaboration and regionally and locally determined contributions (RLDCs). Efforts must be increased to promote locally led adaptation to climate change to meet the ambitious goals of the EU strategy on adaptation to climate change and to minimise the costs to households and businesses;

23. Stands ready to meet the challenge of delivering the post-2020 global biodiversity framework and calls on the Commission to secure the key role of regional and local governments in its implementation. The biodiversity targets should be mainstreamed into EU policy-making in order to ensure that the shared vision of 'living in harmony with nature' is achieved by 2050. Efforts to treat biodiversity loss as an urgent crisis and to seek synergies with measures to combat climate change, fossil fuels and pollution must be redoubled. Against this background, the CoR regrets that the ECWP does not contain any legally binding proposal to step up forest monitoring, reporting and data collection in the EU as announced in the EU's Forest Strategy;

24. Commits to continuing to cooperate on the Zero Pollution Stakeholder Platform, promoting a multi-level governance approach for the zero pollution action plan, including monitoring and, at a later stage, setting up a scoreboard of EU regions' green performance. The CoR calls for revising and strengthening REACH and CLP regulations. The CoR reiterates its call for an Ocean Law, in the same spirit as the Climate Law. The CoR welcomes the announcement of a new initiative for protecting, sustainably managing and restoring EU soils;

25. Emphasises that local and regional authorities are a crucial player in the transition to the circular economy, in waste policy and in the reduction of dependency on third parties and unused raw materials. The CoR regrets that the ECWP does not refer to the initiative on Sustainable Consumption of Goods — promoting repair and reuse;

26. Welcomes the SME relief and calls for involving local and regional authorities in the development of new — and improvement of existing — policy tools for assessing the impact of new legislation on SMEs;

27. Looks forward to the communication on 30 years of the single market and calls for the EU's global leadership role to be further used to firmly establish climate-neutral, circular, technical and democratic standards and norms beyond the EU;

28. Regrets that the Commission does not sufficiently address the distortions of competition resulting from EU and Member State support schemes in the wake of the pandemic and the energy crisis as well as from foreign companies receiving aid from their governments, to the detriment of local and regional economies;

29. Welcomes the Commission's ambition to continue delivering on the targets of the Digital Decade and strengthening EU resilience by foreseeing an EU critical raw materials act, which should complement the recent EU Chips Act and provide a basis for production of key products in the EU, including semiconductors;

30. Supports the strategic approach to legal migration and further measures aimed at attracting both low and high-skilled third-country nationals to the EU through uniform recognition of qualifications and facilitation of access to the labour markets;

31. Reiterates that cities and regions at the EU's external borders continue to be exposed first to migratory flows and need strong EU-level support; reminds the Commission not to lose sight of the recommendations in the CoR opinion on the New Pact on Migration and Asylum in the implementation of the Joint Roadmap on the Pact involving local and regional levels;

32. Stresses the need for enhancing Europe's external security, by providing more support for Member States to protect the EU's external border;

33. Recalls the recommendations contained in its opinion on Revised Schengen Area Governance and stresses that internal border controls should only be tolerated as a measure of last resort and only after having considered any possible alternative measures; supports the accession of Bulgaria, Croatia and Romania to the Schengen area, based on merits;

34. Regrets the lack of reference to the Recovery and Resilience Facility in the Commission Work Programme, despite the fact that the RRF is the key EU instrument for a sustainable post-COVID recovery in the EU;

35. Regrets that, concerning EU civil protection, the Commission does not propose a clear plan for long-term commitment or actions other than doubling the firefighting capacities ahead of the 2023 forest fire season. Local and regional authorities should be sufficiently consulted and involved in procurement, maintenance, coordination and deployment of these capacities;

36. Calls for more EU-level initiatives, including a more structured mechanism of support for disaster prevention and preparedness actions to strengthen the overall resilience of the EU regions and cities. In this context, the CoR reiterates its availability to contribute to the elaboration of a European Vulnerability Scoreboard at regional and local level;

37. Calls on the Commission to ensure that the European Rural Agenda is implemented in the current and future funding periods across all policies and has ambitious targets to strengthen the innovative dynamics of rural territories and their resilience, organise smart inter-territorial cooperation and stimulate citizen action in local development strategies; the 'smart' concept needs to be seen as an integrated, holistic tool, interconnecting the concepts of Smart Villages, Smart Cities and Smart Regions;

38. Regrets that the Commission does not explicitly mention the demographic challenge facing many EU regions among the generational challenges it refers to in its 2023 Work Programme, as this is one of the major challenges that the EU must consider in all its policies so that disparities can truly be reduced between regions, which is a key objective of the EU's cohesion policy;

39. Encourages the Commission to use world heritage as a tool for enhancing the economic and social sustainability of rural areas in Europe;

40. Stresses the importance of seizing the opportunity of the upcoming Framework Law for a Sustainable EU Food System for a profound and structural food system overhaul that opposes speculation on international markets and protects farmers' revenues. Public stocks, as main market regulation tools, should be used in order to both stabilise markets and build up strategic stocks to prevent food crises;

41. Calls on the European Commission to maximise the opportunities offered by food public procurement by proposing local and regional authorities a set of possible criteria for sustainable food procurement to promote healthy and sustainable diets in schools and public institutions, thus supporting a systemic change of our food systems. The CoR also stresses the importance of systemic action to reduce food waste and calls upon the Commission to provide guidelines and ensure monitoring on the basis of the work carried out by the EU Platform for Food Losses and Food Waste;

42. Calls for new European legislation on seeds to enable the use and marketing of farmer-saved seeds;

43. Proposes that the EU implement the recommendations made by the European Parliament on farmland concentration in the EU and Voluntary Guidelines on the Responsible Governance of Tenure adopted by the FAO;

44. Stands ready to contribute to the forthcoming initiative on mental health and points out that the CoR has identified mental health as the key health challenge in the post-COVID era and presented a sample of local and regional approaches in its State of the Cities and Regions report 2022;

45. Reiterates its support to fight against cancer and expects the draft recommendations on smoke-free environments and on vaccine-preventable cancers to increase the level of protection of Europeans; sets to work at local and regional level to raise awareness and share best prevention and screening strategies;

46. Stresses that one of the key requests of European citizens, listed in the final CoFoE report, is to have a digital EU 'health passport'. The CoR expects the EU legislators to swiftly find an agreement on the European Health Data Space (EHDS), taking into account recommendations from the CoR opinion on EHDS and considering that the European Health Union will not be complete without a robust framework for health data transfers;

Cohesion, our fundamental value

47. Reiterates its strong support for efficient, flexible and sustainable implementation of the current cohesion programmes that would help to secure strong cohesion policy in the future. The CoR stresses that the 'do no harm to cohesion' principle put forward in the 8th Cohesion Report underlines that cohesion is an overall value of the EU. The CoR deplores in this respect that the 2023 Work Programme of the Commission does not contain either a reference to the asymmetric territorial impact of the current crises or a reference to the need to examine the potential territorial impact of EU policies, which falls behind the commitment already made in the 2022 Work Programme to strengthen territorial impact assessments and rural proofing. The CoR also recalls the European Parliament's plea to involve the European Committee of the Regions in the design of the 'do no harm to cohesion' principle and confirms its readiness to cooperate with the European Commission in this regard. The CoR strongly reiterates its call to the Commission to guarantee that impact assessments include an evaluation of the potential territorially differentiated impacts of each legislative initiative;

48. Welcomes the Commission's intention to propose a timely review of the Multiannual Financial Framework (MFF). This review should encompass an overarching debate on the structure and equipment of the next MFF, continuing the focus on simplification, thematic focus of the instruments and potentially the delivery system for the European Structural and Investments Funds (ESIF);

49. Calls on the European Commission to carry out an analysis about models of participation and shared management in negotiating, programming and implementing European Structural and Investment Funds (ESIF) in order to map the different models across the EU and optimise the participation of regional and local authorities in every step of ESIF roll-out;

50. Regrets that the ECWP does not propose any new initiative aiming at addressing the blockage in the Council of the European Cross-Border Mechanism regulation. The Committee emphasises the importance of further developing and simplifying cross-border cooperation and taking it into account in legislative initiatives in order to improve cohesion. The CoR welcomes, however, the announcement of a legislative initiative on a statute for European cross-border associations to enable them to fully benefit from the single market without barriers to cooperation;

51. Requests that the Commission follow up on the joint CoR and European Parliament recommendation to create an Islands' Pact and a European Union Agenda for Islands, with the participation of the principal stakeholders, namely national, regional and local authorities, economic and social operators, civil society, academia and non-governmental organisations, along the lines of the Urban Pact and the future Rural Pact; and reminds the European Commission of the necessity to carry out a study on the diverse situations of island territories of the European Union;

52. Stresses the importance of following up on the updated strategy for the outermost regions, for their benefit and for the benefit of the EU as a whole;

53. Continues to directly contribute to the implementation of the European Pillar of Social Rights (EPSR) at the local and regional level and the evaluation of the EPSR Action Plan on the ground. In this regard, it reiterates the need for 'beyond GDP' complementary indicators to measure economic, social and environmental progress facilitating the transition to a sustainable wellbeing economy as well as for effective monitoring and data collection mechanisms for social and employment policies, as there are still significant gaps between regions;

54. Considers that complementary to the green taxonomy as a contribution to the implementation of the Green Deal, the Commission should urgently make a proposal to establish a social taxonomy. Without a social taxonomy, investors and businesses lack clear guidance as to what can be understood as 'social investment'. This makes it difficult to finance socially motivated activities in healthcare, social housing, social services and more;

55. Reiterates its call for a European Housing Strategy aimed at boosting affordable, sustainable, social and emergency housing. This strategy should be included in the European Semester and encompass quantitative national public investment targets;

56. Calls upon the Commission to confirm its clear commitment to a Just and Sustainable Transition Fund 2.0 beyond 2027. Stresses that there are currently no specific funding opportunities for automotive regions, despite the fact that they also face major challenges in the transition process. Reiterates its call to put forward an EU programme, with a thematic and territorial scope that includes automotive regions;

57. Welcomes the Commission's commitment to give new impetus to the accession process of the candidate countries in the Western Balkans, along with Ukraine, Moldova and Georgia. The CoR will embed local and regional authorities of the two new candidate countries, Ukraine and Moldova, into its enlargement work and strives to set up bilateral structures with them. The CoR reiterates its readiness for the establishment, in 2023, of a Joint Consultative Committee with Albania. The CoR will continue to support dialogue and practical cooperation with Türkiye. The CoR will present its view on the future of the Eastern Partnership from a local and regional perspective in the beginning of 2023, as requested by the Czech Presidency of the Council of the EU;

58. Commits to building stronger ties, on the local and regional level, with the EU's Southern Neighbours and third countries, notably through exchanges and cooperation opportunities in the forum *Cities and regions for international partnerships* to be co-organised with the European Commission in 2023;

59. Reiterates its call on the Commission to follow up on the CoR's request to give the relationship between the United Kingdom (UK) and the EU more territorial depth. The CoR will contribute to facilitating and developing territorial cooperation with the devolved nations and UK local and regional authorities, including beyond the institutional framework of the Trade and Cooperation Agreement;

60. Instructs its president to forward this resolution to the European Commission, the European Parliament, the Czech, Swedish and Spanish Presidencies of the Council of the EU and the President of the European Council.

Brussels, 1 December 2022.

The President
of the European Committee of the Regions
Vasco ALVES CORDEIRO

Resolution of the European Committee of the Regions on the European year of skills 2023

(2023/C 79/02)

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

Having regard to the proposal from the European Commission for a Decision of the European Parliament and the Council of the European Union on a European Year of Skills 2023 ⁽¹⁾

1. Welcomes the European Commission's proposal to designate the year 2023 as the European Year of Skills (EYS), and supports the overall objectives of the proposal as a timely and valuable input to strengthen social, economic and territorial resilience, including in the aftermath of the COVID-19 crisis and against the backdrop of the war in Ukraine, and to meet the new skills requirements, especially those related to the green and digital transition;
2. Recommends closely involving youth and youth organisations in the planning, implementation and assessment of the European Year of Skills, as a legacy of the European Year of Youth and in the spirit of youth mainstreaming;
3. Stresses that, because it is difficult to predict future labour market trends and the subsequent pace of required changes in education and training, a profound transformation in the mind-set and behaviour of all stakeholders is of paramount importance. In this context, expects the EYS to be the occasion to create, in cooperation with all levels of governance, a vibrant and creative ecosystem where people, and especially young people, can discuss and co-design education and training responses aiming to help this transition;
4. Emphasises that the EYS should be an opportunity to invest in the future-proofing of skills policy. This, together with the increasing digitalised dimension of professional life, requires a paradigm shift in skill sets. In this regard, highlights the need for the right skills to be encouraged and promoted for the green and digital transition, while preserving traditional skills and know-how;
5. Expects the EYS to boost the implementation of the European Skills Agenda of 2021 and to become a milestone for meeting the EU headline targets set by the European Pillar of Social Rights (EPSR) Action Plan of at least 60 % of adults participating in training every year, and an employment rate of at least 78 % by 2030, and for enabling and supporting women and young people to (re)enter the labour market. Hopes, by the same token, that by giving individuals incentives to improve their skills, and therefore their employability, the EYS will also contribute towards the attainment of the third headline target of the EPSR Action Plan, that is, a reduction of at least 15 million in the number of people at risk of poverty or social exclusion;
6. Expects the implementation of the EYS to contribute to delivering on the UN 2030 Agenda and its 17 Sustainable Development Goals (SDGs);
7. Expects the EYS to be the occasion for assessing the progress made in the different EU territories concerning the specific provisions of NextGenerationEU under its flagship initiative 'Reskill and upskill', together with the adaptation of education and training systems to support digital skills and vocational education and training at all ages;
8. Points out that the COVID-19 crisis and the consequences of the on-going war in Ukraine caused considerable setbacks in the fields of education, employment, mental health and disposable income. In this regard, calls for the EYS to promote measures in order to fight unemployment, including long-term unemployment and underemployment, and to address the crucial issues of young people Not in Education, Employment or Training (NEET), as well as of future-proof skills;
9. Points out that mentorship can be an invaluable tool for reducing training and skill gaps, as well as unemployment rates, and ultimately social inequalities, while fostering intergenerational solidarity. Calls in this sense for the development of a European mentorship framework;

⁽¹⁾ COM(2022) 526 final.

10. Stresses that the problem of skills shortages, including for remote or scarcely populated communities, should be addressed through upskilling and reskilling, lifelong learning, digital education, training and investing in new technologies. Believes that including basic skills, which are transversal and complementary to green and other life skills, in all training and Vocational Education and Training (VET) programmes will lead to greater social resilience and lifelong employability and an empowered workforce with a sense of meaningful contribution to the green transition;

11. Warns also of the fact that in order to make the green and digital transitions happen, investments into capacity building of persons employed in the public sector is a must;

12. Recalls that in accordance to the principle of subsidiarity and from a multilevel governance perspective, in most Member States, local and regional authorities have key responsibilities for education and training policies, and they play a strategic role in the fields of employment policies. Stresses therefore that cities and regions represent the level of governance where operational links between education and training institutions and the labour market are the strongest and therefore, should be financed, implemented and followed up;

13. Emphasises, besides the key role of LRAs, that other actors, including the private sector and third-sector bodies should be involved in the delivery of measures to ensure people's (re)integration into the labour market. Believes that skills and training systems should better match competencies across generations with the rapidly evolving needs of the labour market;

14. Calls for appropriate measures to further recognise the competences learned through non-formal education and informal learning, and to ensure that these competences can be validated when entering or re-entering formal educational paths or employment, as well as to encourage transversal skills fit with the changing nature of employment and to promote language skills;

15. Notes that the skilling and re-skilling uptake across the Union varies widely, leading to skills gaps and skills mismatches across European regions. In this regard, asks the European Commission to further involve local and regional authorities and all relevant actors, as a 'one size fits all' approach is not effective;

16. Stresses the need for a permanent dialogue between European, national, regional and local partners in order to identify specific local and regional needs on skills. Reiterates its demand for a more territorial focus when monitoring and assessing the progress of the implementation of the EYS;

17. Recognises the greater impact that EU Cohesion Policy can have on skills, especially through the European Social Fund (ESF) and the European Regional Development Fund (ERDF), helping to identify and strengthen strategic areas of action, promoting social cohesion, helping all citizens to reach their potential as well as meet their professional expectations, and overall ensuring a long-term positive impact on EU competitiveness;

18. Considers that, in order to ensure a long-lasting legacy of the European Year of Skills, and in recognition of the cross-sectoral nature of skills policy, an additional objective of the EYS should be to minimise brain drain and optimise brain gain in order to contribute towards greater territorial cohesion. Recalls, by the same token, the need to create additional ways to attract work force from third countries to fill job vacancies in sectors of need, such as care and health, as well as people with talent and much-needed skills, which is necessary for Europe to stay competitive;

19. Welcomes the importance given to inclusivity and recognises that the objectives of the EYS can only be fulfilled by taking into account the needs and aspirations of all people in their diversity. This includes rural, peripheral and less developed regions, ensuring nobody is left behind;

20. Welcomes the proposal of setting up meetings of national coordinators to organise the running of the EYS, while ensuring that local and regional authorities have a say in the framing, implementation and assessment of the Year; proposes that the CoR be included, as observer, to the national coordinators' meetings;

21. Stresses that local and regional authorities should have access to EU funding opportunities aimed at supporting local and regional skills initiatives throughout 2023 and beyond;
22. Calls for entrepreneurs and the self-employed to be included in upskilling and reskilling initiatives, as they play a significant role in boosting innovation, creating jobs and contributing to sustainable growth;
23. Calls on local and regional authorities to collaborate closely with educational establishments and industry in order to help identify local and regional labour market needs and contribute towards addressing them, thus enhancing young people's opportunities to acquire skills leading to decent, future-proof jobs;
24. Highlights that the changing realities in the world of work as a result of the pandemic and the digital and green transitions have impacted women in particular. Therefore, the inclusion of a gender equality dimension in this dual transition, the promotion of future-proof skills and access to digital skills should be an intrinsic part of all lifelong learning efforts. Furthermore, the gender dimension needs to be taken into account and the gender bias be addressed when it comes to the design and implementation of training programmes;
25. Expects the EYS to help speed up the completion of a European Education Area in order to guarantee high-quality education for all. The EU should increase cooperation between education and training systems and different curricula, based on citizens' needs, and the requirements of the labour market;
26. Calls for the EYS to pay due attention to citizenship skills through appropriate civic education with a view to empowering people of all ages to be or become active citizens, fully participate in democratic life and be resilient to media manipulation, disinformation and hate speech, including online;
27. Underlines the urgency for reform actions in making VET and apprenticeships fit for future challenges, as mentioned in the EYS proposal. Regional ecosystems and existing one-stop-shops must be encouraged in order to enhance access to quality vocational education and training. Enhancing such ecosystems can ensure the necessary continuity of successful policy initiatives and create better links to the available financial support through the ESF+ programme;
28. Highlights that education, training and VET should be continuously updated and framed by a future-oriented skills perspective. LRAs can help establish monitoring systems as well as skills anticipation and matching mechanisms at local and regional level. Believes in this respect that continuing training and VET is made resilient by being integrated into economic, industrial and innovation strategies, including those linked to sustainable recovery, the green and digital transitions, as well as smart specialisation;
29. Underlines that, bearing in mind the urgency of improving the energy performance of buildings within the framework of the green transition and the evolving energy crisis, there is an acute need to focus on re- and up-skilling the existing work force active in the construction sector;
30. Points out that the transition towards zero-emission and digitalised vehicles will heavily impact regional automotive eco-systems and socio-economic structures. Underlines by the same token that the decarbonisation of road transport will have a profound effect on the specialised workforce in the automotive and supply industries, which calls for urgent upskilling and retraining of 2,4 million workers by 2030. It therefore urges for a European framework to anticipate and manage the changes in this sector in order to guarantee a just and fair transition for the regions with automotive and supply industries. Regional transformation plans need to be elaborated in close cooperation between LRAs;
31. Notes that, while increasing digitalisation and automation of the rail sector will result in an increasing demand for ICT and cybersecurity professionals, the existing significant skills gap and changing skills requirements need to be effectively addressed through, inter alia, structured rail-sector trainee schemes and the promotion of education in rail-related careers;

32. Recalls that Centres of Vocational Excellence (CoVEs) act as catalysts for local business investment by creating skills ecosystems. They support sustainable recovery, green and digital transitions, regional innovation and technology innovation for SMEs. In this regard, stresses the importance of involving local and regional authorities in the CoVEs as multipliers of the said ecosystems;

33. Emphasises the need for increased agility of VET in response to rapid societal and world of work changes; for acceleration of digitalisation of VET, for modern and innovative learning approaches and for more investments in skills and competences of teachers and trainers. Underlines the importance of investing more on up- and re-skilling and training especially after the COVID-19 crisis, which accelerated exponentially the digital transition in education but also the changes in work patterns, and in light of the overall skills policy at European level;

34. Hopes that the Decision on the European Year of Skills 2023 is adopted swiftly so as to allow for a rollout of activities already from the beginning of 2023;

35. Commits, in view of the above, to contributing to the attainment of the objectives of the EYS, including through the implementation of the Committee's Action Plan dedicated to the Year;

36. Instructs its President to forward this Resolution to the European Commission, the European Parliament, the Swedish and Spanish Presidencies of the Council of the EU and the President of the European Council.

Brussels, 1 December 2022.

*The President
of the European Committee of the Regions*

Vasco ALVES CORDEIRO

OPINIONS

COMMITTEE OF THE REGIONS

152ND COR PLENARY SESSION, 30.11.2022-1.12.2022

Opinion of the European Committee of the Regions on extending the list of EU crimes to hate speech and hate crimes

(2023/C 79/03)

Rapporteur:	Aleksandra DULKIEWICZ (PL/EPP), Mayor of the City of Gdańsk
Reference document:	Communication from the Commission to the European Parliament and the Council on A more inclusive and protective Europe; extending the list of EU crimes to hate speech and hate crime COM(2021) 777 final

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

1. notes that the way hate speech and hate crime are criminalised at EU level is currently set out in the 2008 Council Framework Decision on combating racism and xenophobia (Council Framework Decision 2008/913/JHA⁽¹⁾). The catalogue of hate crimes covered by EU-wide legislation is limited to grounds related to race, skin colour, religion and national or ethnic origin;
2. notes that the criminalisation of other forms of hate speech and hate crime, particularly on grounds of gender, sexual orientation, age and disability, varies from one EU Member State to another. As there is currently no Treaty basis for a common Europe-wide criminal law response to tackle all forms of hate speech and hate crime, the CoR calls on the Council to swiftly extend the list of EU offences under Article 83(1) of the Treaty on the Functioning of the European Union (TFEU) by setting common minimum standards for the relevant national criminal provision in full respect of the subsidiarity principle;
3. warmly welcomes in this regard the European Commission proposal for a Council Decision on adding hate speech and hate crime to the areas of crime laid down in Article 83(1) of the TFEU, annexed to the Communication of December 2021 on *A more inclusive and protective Europe: extending the list of EU crimes to hate speech and hate crime*;
4. points out that hate speech, hate crime, fake news, disinformation and conspiracy theories are phenomena that need to be addressed through resolute action. It should also be underlined that the fight against hate speech and hate crime is also the fight against prejudice, racism, chauvinism, homophobia and anti-Semitism. Hate speech and hate crime affect not only the individual victims, causing them suffering and seriously curtailing their fundamental rights and freedoms, but also society at large;

⁽¹⁾ Council Framework Decision 2008/913/JHA of 28 November 2008 on combating certain forms and expressions of racism and xenophobia by means of criminal law (OJ L 328, 6.12.2008, p. 55).

5. is concerned about the huge scale of this phenomenon and the peculiar indifference towards it, which poses the danger of normalisation of hate speech and hate crime, and even of it being a constant presence in our daily lives;

Policy recommendations

6. condemns situations where hate speech has become part of the language of political conflict and is concerned about extreme views and the brutalisation of language becoming mainstream in public debate. There is a danger that the aggressive language of political disputes in the hands of populists will help to create a climate where radicalism, fake news and disinformation can develop, risking to lead to hate crimes;

7. is aware that hate speech and hate crime affect all age groups, the only difference being the environment in which they learn it; calls for special attention to be paid to young people who, on one hand, are particularly vulnerable to virtual and in-person hate speech and incitement to commit hate crimes, and on the other hand could also be strong allies in the fight against it; notes that although the most frequent targets of hate speech are refugees, people who are not heteronormative and national and religious minorities, in recent years the proportion of people facing hate speech in the media, social media and everyday situations has increased sharply;

8. notes that verbal and physical violence driven by hate is not only a concern for minority communities. In this context, authority figures — persons holding electoral mandates or exerting public responsibilities, and institutions — are increasingly often the victims of hate speech and hate crime. Local and regional politicians are hit particularly hard by this, for example when defending the rights of refugees, migrants or LGBTIQ+ persons, as well as more recently, in the face of the fight against global threats such as the Russian invasion of Ukraine or the COVID-19 pandemic;

9. believes that politicians and public authorities are particularly capable of influencing public opinion and discourse, and therefore calls on political leaders at all levels to refrain from using language that may give rise to hate speech or hate crimes against specific groups;

10. is concerned that third countries are knowingly using hate speech and hate crime to carry out organised campaigns that influence polarisation and build divisions within the EU. Hate speech and hate crime play a role in fuelling armed conflicts. They are no longer a local phenomenon but are becoming a threat on a global scale. Such an example of hate speech is the current message from President Putin's administration about the reasons for the aggression against Ukraine and the scale of violence and hate crimes committed during this war;

11. draws attention to the global dimension of hate speech and hate crime which is partly a result of the ease of disseminating ideas through various digital channels. Therefore, there must be a cross-border dimension to prosecuting them effectively. The Committee fully agrees to this effect with the European Commission's assessment that the gravity of such crimes, together with their cross-border nature, can be addressed only through common action at EU level, translating into a common Union criminal justice response and enhanced judicial cooperation between Member States. Such action would not run counter to the principles of subsidiarity and proportionality;

12. highlights the negative side-effects that hate speech spread online can have on local communities and, as a result, on divisions between people and disrupting the process of social cohesion; believes that the consequences of hate crime and hate speech are most felt among local communities;

13. is concerned that hate-based crimes spread fear and stigmatisation with a greater destructive impact that goes beyond the boundaries of a specific city or region and have the potential to escalate into greater conflicts;

14. stresses the great responsibility of regional and local authorities in actively countering hate crime and hate speech and preventing discrimination and exclusion, including politically and ideologically motivated violence; notes that inaction and failure to take it seriously can lead to escalation and exacerbation of the situation;

15. stresses that mayors and other regional and local leaders are in a crucial position and can play a key role in identifying early signs of such incidents in their communities; calls for specialised recommendations to be drawn up for regional and local authorities on how to effectively prevent this phenomenon within local communities; also believes that local and regional authorities should be encouraged to take preventive action on the basis of their local circumstances; calls for harmonious cooperation with law enforcement bodies, which are expected to consistently and effectively fight against hate speech and hate crime;

16. recommends introducing legislation on combating hate speech in digital services so that social media do not contribute to spreading and amplifying the impact of both hate speech and crimes. The current rules are not sufficient to ensure that internet service providers contribute to effectively combating and preventing hate speech in the services they provide. Research ⁽²⁾ shows that digital services providers and platforms often do not enforce or do not have the capacity to enforce their own community guidelines;

17. notes that the Digital Services Act (DSA), which is currently in the legislative phase, is an opportunity for setting minimum standards in terms of transparency on the resources that platforms must mobilise to ensure the implementation of both the legal frameworks on disinformation and their own community guidelines. This legal act could provide an incentive to improve the relationship between intermediary service providers, the public and the State. The socio-economic potential of large platforms requires a coordinated effort at pan-European level and using the strength of the European single market as an argument;

18. calls for the DSA to be adopted at EU level and implemented in the Member States. Member States should engage in further work and promotion of the DSA in the EU. It is worth promoting the DSA as an EU law that does not compete with separate, independent regulations on digital services or freedom of expression online, which would be adopted by individual Member States;

19. draws attention to the role of law enforcement authorities in the process of prevention, detection and, ultimately, prosecution; hopes that extending the EU-wide catalogue of crimes to include hate crimes will contribute to a consistent response to them and attach importance to the prosecution of hate speech and hate crime at every stage of proceedings (police, prosecution service, courts); points out the role of independent courts in this process which, by building their case law, set the boundaries of what is permissible and what falls within the boundaries of exercising freedom of expression and what constitutes hate speech; recommends that the standards for how to respond to this problem be the same throughout the European Union;

20. calls for consideration to be given to creating a model whereby hate speech is prosecuted by public indictment and not by private or complaint procedures. It is in the public interest to curb this phenomenon and perpetrators should be aware that they will inevitably face a penalty. It is also necessary to overcome the obstacle of the anonymity of people who perpetrate hate crimes, for which law enforcement authorities need to take action and internet service providers must be willing to cooperate;

21. stresses that progress on equality and human rights, including law enforcement bodies effectively combating hate crime and hate speech, relies to a large extent on cooperation from regional and local authorities;

22. points out that the main obstacle against law enforcement authorities effectively taking action is hate crimes not being reported; points out that local and regional authorities and local government officials should take advantage of their proximity to the population and promote policies to raise awareness of the problem (including among civil servants) and to encourage victims to report hate speech and hate crime;

23. points out that local and regional authorities should play a role in breaking down barriers to reporting incidents of hate crime, for example by raising awareness on victims' rights, providing legal information on how to report incidents, assuring migrants that they can file a report regardless of their legal status and promoting anonymous reporting via third

⁽²⁾ A relevant report is accessible at 210831_Reset_Facebook_Bundestagswahl_EN.pdf (hateaid.org).

parties. Local and regional authorities should also promote good practices and cooperation on behalf of victims with the involvement of police, local equality and anti-discrimination bodies, social NGOs and other victim support services;

24. concludes that even the best legal solutions will not help if law enforcement authorities do not enforce them by prosecuting perpetrators. Similarly, the possibility for law enforcement authorities to react will be limited if internet service providers (providing services by electronic means) do not share the data of people who commit hate crimes and thus manifestly break the law;

25. argues that, in terms of law enforcement bodies, given that hate speech is often intertwined with the language of public and political debate, it is all the more important that these bodies (and in particular the prosecutor's office) maintain independence and that this phenomenon be taken seriously. Regardless of existing national differences in regulating, combating and preventing hate speech and protection on specific grounds, it is very important to ensure the stability of institutions. This means, first of all, independent courts, and second, a prosecutor's office that is free from pressure and able to take independent decisions regarding prosecuting this type of crime by public indictment;

26. notes that in several EU Member States, the mandate of equality bodies also covers hate speech and hate crime ⁽³⁾ and thus, they have an important role to play in this process. The Committee supports in this regard the European Commission's recommendations to Member States to help them improve the equality bodies' independence and effectiveness ⁽⁴⁾ and looks forward to the announced forthcoming legislative proposal on further strengthening their role and independence;

27. points out the need to cooperate with NGOs that support awareness building and combating hate speech and hate-based acts of violence. The experience gained by these key stakeholders, including local authorities, must be used to counter and combat hatred;

28. all schools should implement anti-discrimination education programmes and skills for getting along and living in a multicultural society that is diverse in terms of nationality, race, ideology and faith. Activities to counter hate speech should be a key element of this education;

29. proposes that hate speech be included in the general education curriculum and encourages regions that have competences in this area to take action to this end;

30. stresses that the European citizens of today must be educated and equipped with the interpersonal skills to not cross the line in terms of what is considered freedom of speech or freedom of expression either online or in public spaces;

31. encourages wide-ranging public campaigns, including EU-wide ones, to promote equality and prevent discrimination, for example in the form of a follow-up to the Conference on the Future of Europe;

32. calls for support for local and regional organisations and social partners working in the same areas that deal with the fight against verbal and physical hate through multicultural education; points out that we can find a positive example of this in the idea behind the Paweł Adamowicz Award funded by the Committee of the Regions, ICORN and the City of Gdansk;

Conclusions

33. sees the EU as a guarantor in terms of making and applying laws to counteract public manifestations of hate;

34. recognises that the effects of hate speech and hate crime have a cross-border dimension, hence the need to tackle them through common action at EU level. Calls therefore to effectively address hate speech and hate crime on other grounds beyond those covered by Framework Decision 2008/913/JHA, including on the grounds of gender identity, sexual

⁽³⁾ The Office of the Ombudsman in Poland is such an example.

⁽⁴⁾ Commission Recommendation of 22.6.2018 on standards for equality bodies (C(2018) 3850 final).

orientation, age and disability, as identified in the European Commission's Union of Equality proposals. It is important that the Council swiftly extend the list of crimes to include hate crimes (Article 83(1) TFEU) to ensure that law enforcement bodies operate effectively both at EU and national level;

35. points out that the only response to hate speech and hate crime is to create a comprehensive legal strategy for countering, reporting and consistent prosecution;

36. calls for the establishment of minimum rules at EU level concerning sanctions of hate speech and hate crime, which would allow for national legislations to be amended in order to criminalise membership in organisations that promote or incite hatred on any grounds and participation in any such activities. There should be no room for acceptance of anti-democratic views or hate speech and hostility against another human being in any corner of the world or Europe;

37. recommends improving the methods for recording and collecting data on hate crime and recommends carrying out expert discussions with Member States under the auspices of the Fundamental Rights Agency (FRA) which can help national authorities address problems concerning the practical application of the legislation and ensure effective investigation, prosecution and sentencing of hate crime and hate speech; also sees an important role here for social institutions and organisations that deal with hate speech and hate crime;

38. sees a need for organisational and legal solutions to protect victims of hate speech and hate crimes which must be supported and assisted by EU institutions and organisations, Member States and European regional and local authorities and civil society;

39. notes that there is a fine line between combating hate speech and censorship. The right to freedom of expression should be guaranteed when developing legal solutions to combat hate speech and hate crime;

40. notes the lack of a standardised definition of hate crime at international level; therefore calls for development efforts to strengthen case law and consequently improve the effectiveness of prosecution of hate speech and hate crime; Recommendation CM/Rec(2022)16 of the Committee of Ministers to Member States⁽³⁾, or the definition contained in Framework Decision 2008/913/JHA, could serve as inspiration for this;

41. is aware that we will not regulate extreme political speech. Member States will still be responsible for determining how they define freedom of expression; believes, however, that we must impose EU standards to fight against verbal and physical incidents of hate. This is precisely what expanding the catalogue of crimes in the EU to include hate speech and hate crime is for.

Brussels, 1 December 2022.

*The President
of the European Committee of the Regions*
Vasco ALVES CORDEIRO

⁽³⁾ Recommendation CM/Rec(2022)16 of the Committee of Ministers to Member States on combating hate speech: https://search.coe.int/cm/Pages/result_details.aspx?ObjectId=0900001680a67955

Opinion of the European Committee of the Regions on the EU Strategy for Sustainable and Circular Textiles

(2023/C 79/04)

Rapporteur:	Luca MENESINI (IT/PES), President of the Province of Lucca (Tuscany)
Reference document:	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — EU Strategy for Sustainable and Circular Textiles COM(2022) 141

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS,

1. welcomes the cross-cutting approach of the EU Strategy for Sustainable and Circular Textiles, which aims to create a coherent framework and vision for the textile sector's transition, in line with the objectives of the European Green Deal, the Circular Economy Action Plan and the European Industrial Strategy;
2. looks forward to the finalisation and publication of the roadmap for the green and digital transition of the entire textile ecosystem;
3. acknowledges the urgency of ensuring that textile products placed on the EU market are long-lived and recyclable and, to a great extent made of recycled fibres, free of hazardous substances and produced in respect of social rights and the environment; calls for a paradigm shift in the fashion industry to end overproduction and the excessive consumption of clothing;
4. draws attention to data from the European Environment Agency (EEA) showing that, from a consumption point of view, over their life cycle, textiles have on average the fourth highest negative impact on the climate and the environment, after food, housing and mobility ⁽¹⁾. In 2020, textiles were responsible for the third highest impact on water and land use and the fifth highest for the use of raw materials and greenhouse gas emissions;
5. underlines the importance of the textile, fashion, leather and footwear sector in European industry, which employs more than two million workers and is a driver for employment, economic development and innovation in the regional ecosystems in which it is present; considers it a priority to move from an extractive, linear production system to a regenerative, circular model; believes the role of local and regional authorities to be crucial in this transition, in particular of (a) municipalities and local actors such as social enterprises, collectors and civil society organisations with regard to collection, repair and reuse systems, (b) regions through their support to municipalities in their tasks, and (c) the public and private sectors as a driver for research and innovation processes;
6. recognises that extended producer responsibility (EPR) has proved effective in improving the separate collection of waste and its subsequent management in line with the waste hierarchy; calls on the co-legislators to determine which textile products fall within the scope of application of the Directive and EPR system at EU level, targeting the high costs of disposing of 'fast fashion';
7. welcomes the fact that the separate collection of textiles will be mandatory for all waste producers by January 2025. Also expects that the revision of the Waste Framework Directive planned for 2024 will consider specific targets for textile waste prevention, and textile reuse and recycling, and that the key role of local and regional authorities will be taken into consideration;

⁽¹⁾ Textiles and the environment: the role of design in Europe's circular economy (EEA, 2022).

Rethinking consumption patterns

8. points out that global textile production almost doubled between 2000 and 2015. As clothing comprises the largest share of EU textile consumption (81 %), the trend of using garments for ever shorter periods before throwing them away is the biggest contributor to unsustainable patterns of overproduction and overconsumption;

9. would like to see the ever wider roll-out of methods for promoting the conscious and sustainable use of textile materials, particularly with regard to specific types of clothing, such as coats or children's clothes, which are more likely to be discarded by consumers before the end of their useful life. Such initiatives, such as swap schemes, fashion libraries and awareness-raising campaigns, face different barriers linked to prejudices surrounding used clothing, in terms of quality, hygiene or the diversity of products;

10. highlights the need to step up the search for innovative solutions (machines, equipment, digital platforms) for sorting, reusing and recycling collected textile waste, and for optimising the behaviour of materials;

11. points out that market demand for circular products and services is still insufficient and constitutes a major obstacle to the implementation of circular business models; encourages national, regional and local authorities to spur on a shift in patterns here by rolling out tools to support the adoption of business models based on a culture of use rather than ownership, establishing rules on the transport and trade of textile products (including waste streams) and promoting regulatory incentives (for example VAT reductions or applying the EPR principle) to encourage renting rather than purchasing, sharing platforms, take-back services, resale and second-hand shops, while promoting a renewed enthusiasm for repair, upcycling and maintenance; recognises, moreover, that these business models can have a positive impact on environmental sustainability performance in the health, tourism, construction and other key public service sectors;

12. welcomes the initiative on empowering consumers for the green transition ⁽²⁾ and the resulting EU rules which will ensure that consumers receive information at the point of sale on a commercial guarantee of durability for textile products, as well as relevant information on their repairability; encourages the Commission to continue working on minimum criteria for all types of environmental claims in the context of the Green Claims initiative ⁽³⁾;

Making design for circularity a widespread reality

13. recognises that design for greater durability can extend the life cycle of textiles, clothing, leather and footwear (TCLF sector), thus reducing textile waste and the overall use of virgin materials and chemicals; welcomes the Commission's work on developing binding product-specific ecodesign requirements to increase the performance of TCLF-sector products in terms of durability, reusability, repairability, fibre-to-fibre recyclability and mandatory recycled fibre content;

14. strongly advocates the need for common sustainability standards, which are considered essential for involving brands in the assessment of the environmental impacts of their products;

15. welcomes the aspects of the Strategy on clearer information on the circularity of the TCLF sector and on a digital product passport based on mandatory information requirements on circularity and other environmental aspects; calls on the Commission to make the Digital Product Passport (DPP) available to all stakeholders and consumers, and to include information on labour conditions and on how to repair and reuse the products;

16. considers that the following principles should be followed when establishing minimum requirements for TCLF products, and that the aim should be to improve overall environmental performance throughout the life cycle:

⁽²⁾ COM(2022) 143 — Proposal for a Directive as regards empowering consumers for the green transition through better protection against unfair practices and better information.

⁽³⁾ *Initiative on substantiating green claims — Environment* – European Commission (europa.eu).

- a) **guarantees on the minimum durability of the product and on compliance with minimum durability requirements**, and clear, ambitious and mandatory targets for reuse and preparation for reuse;
- b) **guarantees on repairability and modularity**, including specific metrics to assess ease of non-destructive disassembly and to verify that the essential parts of the products are easily replaceable and repairable;
- c) **guarantees on recyclability**, including restrictions on combinations of different materials, chemicals, dyes and finishes that are not compatible with recycling, and the possibility to promote products for which a mature recycling technology already exists;
- d) **guarantees on sustainably and ethically sourced materials**, provided that they are used for a longer lifespan and are recyclable, in order to reduce the volume of virgin synthetic fibres produced from fossil fuels;
- e) **guarantees on maximum microplastic release levels** during production, in the 'use' phase and at end of life;
- f) guarantees that new TCLF products are made from a certain percentage of post-consumer textile content;

17. calls for a higher degree of harmonisation of the REACH Regulation ⁽⁴⁾ with the principles of circularity concerning the specific features of the TCLF sector, in order to prioritise efforts to reduce the use of hazardous chemicals, disclose information on the chemicals used in finished products and to ensure traceability;

Boosting the role of local authorities for a circular transition

18. considers that regions and municipalities play a key role in promoting research and innovation in this sector, and in creating synergies and interconnections with other sectors and regions affected by the same challenges; calls on the Commission to foster the creation, upscaling and interconnection of regional innovation clusters in the field of circular textiles across the EU;

19. welcomes the initiatives developed in some European regions and industrial districts such as the Local Green Deal and the Circular Fashion Pact, based on voluntary multi-stakeholder agreements to facilitate the transition of the TCLF sector to a circular model. These models set general targets for the sector and specific targets for each link in the value chain. They respond to the environmental, social and economic challenges facing the sector by setting specific commitments for producers, waste managers, local governments, collection organisations, NGOs and civil society organisations, as well as research and technology centres;

20. acknowledges that the promotion of social enterprises active in the reuse sector is particularly important for the creation of local, sustainable and inclusive jobs ⁽⁵⁾ since social enterprises develop local reuse practices while creating tangible social and economic benefits for communities around them; nevertheless underlines that the social enterprise sector must face many challenges in order to be able to be competitive and to provide services on a continuous basis;

21. urges the Commission to adopt guidelines on how to support the implementation of and partnerships for the circular economy between social enterprises and other players, including service and commercial enterprises, which explore in particular the opportunities offered by the reuse and repair of textiles, as part of the recently adopted EU Action Plan for the Social Economy ⁽⁶⁾;

22. recognises that the effectiveness of local systems for the collection of TCLF waste remains a key challenge and points out that the total cost of collecting, separating and recycling this waste must be less than the costs relating to managing household waste, in order to encourage an effective circular transition of the sector;

⁽⁴⁾ Registration, Evaluation, Authorisation and Restriction of Chemicals.

⁽⁵⁾ On average, a social enterprise creates 20-35 jobs per 1 000 tonnes of textiles collected with a view to reuse. Source: OECD/European Commission (2022), Policy brief on making the most of the social economy's contribution to the circular economy and RREUSE (2021), Job creation in the reuse sector: Data insights from social enterprises.

⁽⁶⁾ COM(2021) 778 final.

23. calls on the Commission to draw up guidance templates for the development of local TCLF waste collection and management systems that take into consideration:

- a) public consultation before designing measures to achieve targets;
- b) tools to promote collaboration between the different stakeholders to improve collection, further processing and sale;
- c) mechanisms to promote the economic sustainability of collection and processing for all stakeholders in the value chain (this includes the principles of extended producer responsibility);
- d) mechanisms to preserve and promote existing reuse and repair best practices put forward by local players;

Supporting sustainable production models

24. urges the Commission to include in the EU's Sustainable Products Initiative measures aimed at banning the destruction of unsold articles (i.e. excess inventory, deadstock, and returned items, with a particular focus on returns through e-commerce), and to establish targets for the production phase to help prevent production waste and disincentivise overproduction;

25. calls for the introduction of mandatory minimum Green Public Procurement criteria ⁽⁷⁾, the scope of which should be determined following an impact assessment, as well as requirements concerning Member States' incentives for textile products; also proposes that the Commission develop guidance on incentives and criteria to guide public and other contracts promoting sustainable development;

26. calls on the Member States to regulate Green Public Procurement by means of action plans or national strategies, ensuring greater harmonisation of national criteria with the EU's guiding principles ⁽⁸⁾; also considers exchanges of local and regional knowledge and good practices necessary in order to promote and facilitate their more comprehensive and widespread implementation;

27. calls on the EU, as a major importer and exporter ⁽⁹⁾ in the global value chain of the TCLF sector, to become a global trailblazer in promoting sustainable and circular TCLF value chains and in innovative technological solutions and business models, thus ensuring the green and digital transition, addressing social challenges and ensuring compliance with sustainability obligations, and by making manufacturing SMEs competitive in the global framework;

28. calls on the Commission to prepare a new legislative initiative to effectively ban the placing on the EU market of products made by forced labour, including child labour; calls for the inclusion of textiles, clothing, leather and footwear (TCLF sector) in legislation on corporate sustainability due diligence. The sustainability regulatory framework should apply not only to the EU manufacturers in question, but to all marketing companies, regardless of where they manufacture;

29. believes that it is important to be aware of the need to involve and support both small and large farms producing natural materials (such as wool), which play a major role in the production of recyclable textiles, in the production/manufacture/reuse processes;

⁽⁷⁾ Green Public Procurement not only addresses the impacts of TCLF consumption associated with the public sector, but also has the potential to send strong signals into the market in general that are aimed at the development and growth of innovative, sustainable and more circular solutions in TCLF production and service provision which can be adopted by the private sector.

⁽⁸⁾ JRC Technical Report (2020), *EU Green Public Procurement (GPP) Criteria for Textile Products and Services Guidance Document*.

⁽⁹⁾ In 2020, 8,7 million tonnes of finished textile products worth EUR 125 million were imported into the EU. Clothing accounts for 45 % of imports in terms of volume, followed by household textiles, other textiles and footwear (source: Eurostat, 2021).

30. urges the Commission to provide specific support for technological investment in the value chain and specific R & D&I measures needed to achieve a real production transformation from a linear to a more circular model in the textile, leather and footwear sectors, and encourages the study and production of new materials that can be obtained by marrying different production and recycling sectors;

31. recommends adopting at EU level a clear definition and scope of application for Extended Producer Responsibility (EPR) with eco-modulated fees for products in the TCLF sector in order to identify, prevent, mitigate, bring to an end to and account for actual and potential adverse impacts on human rights, including labour rights, and on the environment in companies' own operations and across their global value chains;

32. points out that the TCLF ecosystem requires a highly skilled workforce to unlock the job-creation potential offered by the digital and green transitions, as only 13 % of the workforce has high-level qualifications⁽¹⁰⁾. SMEs' competitiveness needs to be increased in order to retain and generate new talent, and working conditions and productivity need to be improved in the production of sustainable raw materials and the manufacture of textile products in our industry. In order to attract skilled young talent and enrich SMEs' skills, the Committee encourages the establishment of a large-scale skills partnership for the textiles ecosystem to promote upskilling, reskilling and the acquisition and transfer of green and digital skills, including knowledge on life-cycle and value-chain assessment; calls on the Commission to take into account the expected increasing quantities of collected TCLF products due to the mandatory separate collection of waste, when designing support instruments for jobs in the sector's post-consumer management;

33. regrets the data that shows that women make up the majority of the low-waged and unskilled TCLF workforce; firmly believes that improving the sustainability of the supply chain also has an important gender equality dimension and calls for agreed actions to significantly increase women's access to higher positions;

34. also encourages the targeted use of Erasmus+ programme resources for pilot and experimental initiatives in the field of vocational training and higher education that help people acquire the green and digital skills required in the textile, fashion, leather and footwear sector, to make it more appealing to young people and to encourage worker mobility;

35. welcomes the EU's Pact for Skills⁽¹¹⁾, which aims to maximise the impact of investments in the upskilling and reskilling of workers in the entire TCLF ecosystem, including the fashion and retail segment of the sector;

Turning Waste into Value

36. notes that with the implementation of the EU Regulation on the separate collection of textile waste by 2025 and the positive effects on the collection and management of waste resulting from the producer responsibility organisations (PROs) established in the Member States, it is expected that a lower share of items collected will probably be suitable for resale in Europe, and that the share of post-consumption household TCLF waste that becomes available for recycling will increase significantly⁽¹²⁾. With regard to the increase of the EU's recycling capacity, the Committee suggests taking into account, in the investment planning, the impact on the generally more labour-intensive upcycling and reuse sectors, and the resulting employment and social inclusion dynamics;

37. believes that the local production of recycled fibres can play a key role in strengthening the European textile value chain. Although, once it has matured and expanded, the textile recycling industry could become autonomous and profitable, funding for the short-term transition will be needed, including potentially through EPR schemes and other support to adapt the existing industry to increase capacities with recycled products for different sectors: fashion, automotive, household textiles, technical fabrics, etc.;

⁽¹⁰⁾ Eurostat (2019), *Labour Force Survey*.

⁽¹¹⁾ <https://ec.europa.eu/social/main.jsp?catId=1517&langId=en>.

⁽¹²⁾ Up to around 1,7 million tonnes by 2030, according to the report *Scaling textile recycling in Europe — turning waste into value*, McKinsey (2021).

38. welcomes the inclusion of (a) clothes and other textiles collected separately and prepared for reuse, (b) cellulosic fibres recovered/recycled from TCLF waste and (c) blended fibres recovered/recycled from TCLF waste in the priority list of waste streams for the development of further end-of-waste criteria in the EU, as a way to increase the capacity of the EU recycling industry in this sector.

Brussels, 30 November 2022.

*The President
of the European Committee of the Regions*
Vasco ALVES CORDEIRO

Opinion of the European Committee of the Regions on ‘Safeguarding food security and reinforcing the resilience of food systems’

(2023/C 79/05)

Rapporteur:	Piotr CAŁBECKI (PL/EPP), President of the Kujawsko-Pomorskie Region
Reference documents:	Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions COM(2022) 133 final

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

1. condemns the unprovoked Russian aggression against Ukraine;
2. strongly supports Ukraine's efforts to join the European Union, noting also, in the context of the subject of this opinion, that this will have a very significant impact on strengthening the EU's food security;
3. welcomes the European Commission's Communication on safeguarding food security and reinforcing the resilience of food systems;
4. stresses the urgent need to address the weaknesses of EU countries' food systems in order to introduce profound and structural changes and prepare for future crises;
5. recalls that the EU is a net importer of food products in terms of quantity, calories and the land needed for cultivation and that it is a net exporter only in terms of value, mainly thanks to wines with a geographical indication and spirits. It would be appropriate to encourage Member States to reduce biofuel production in the short term, which would increase self-sufficiency;
6. strongly supports the willingness to enhance the EU's food sovereignty and achieve greater autonomy by encouraging regional and local diverse food production;
7. draws attention to the fact that we are currently experiencing the third global food price crisis in 15 years in countries directly connected to international trade prices, such as the European Union;
8. underlines the key role of the CoR as the institutional representative of European cities and regions in the process of supporting Ukrainian partners;
9. stresses that actions in the area of food security, towards which the EU has suddenly been forced by the ongoing war, should be used not only to address the current problem, but to bring about changes in the Common Agricultural Policy of a more structural nature in order to improve quality of life and the competitiveness of the EU economy, and also to achieve significant environmental benefits in areas related to food supply. Account should be taken of the demands of representatives of agricultural producers and processors, farmers' organisations and, in particular, small and medium-sized farms, which in the European Union have experienced a decline or even loss of profitability for many years, resulting in a drastic decline in their numbers and in numbers of agricultural workers, adverse social and cultural changes in rural areas, deterioration in food quality, and rising prices for agricultural products, particularly for those maintaining the highest quality standards in terms of human health, nutritional and taste values and the minimising of environmental impacts;
10. calls for the current debates on the reform of the European electricity market to be used as an opportunity to reconsider the issue of food stocks and to take a step back from the market orientation of the Common Agricultural Policy, taking the example of oil, for which Member States have security stocks of up to 90 days of consumption;

11. denounces the instrumentalisation of the war in Ukraine as a reason for not discussing or taking action to remedy the weaknesses of the CAP or to stem long-standing trends and changes in the food production system, including the implementation of the Farm to Fork Strategy, as the fragility of the European food system already existed, and stems from the deregulation that followed the abolition of the CAP's market tools, which led to a weakening of Europe's agricultural production potential through under-remunerating the factors of production;

12. supports the implementation of the objectives of the Farm to Fork Strategy and its targets to reduce the use of pesticides, chemical fertilisers and antimicrobials and to increase the share of organic farming, in line with the previous CoR opinion ⁽¹⁾, but points out that reduction targets for pesticide use, at least for the duration of the war in Ukraine, should not jeopardise global food security; at the same time, it also calls for a thorough assessment of the progress made in implementing the quantified targets of the Farm to Fork Strategy, which need to be monitored;

13. points out that the majority of the global production of fertilisers and their raw materials and also plant protection products in recent years originated in Russia, Ukraine and Belarus. Reducing dependence on imported inputs, such as fertilisers or pesticides, contributes to the resilience of our food system. Innovation and the application of best practices need to be strengthened to maintain and, in the long term, increase harvests (in particular, practices and innovations aligned with ecological objectives);

14. suggests that the European Commission refrain from abandoning the greening scheme in light of other more effective measures, including the suspension of biofuel production;

15. highlights the strategic role of rural areas for climate and food security, with local food value chains providing stabler incomes and involving small (agricultural) farms; calls for EAFRD management to be decentralised in all Member States with regard to the implementation of local and regional agricultural policies;

16. reiterates its recommendation to steer consumer behaviour towards diets with a high intake of fruit and vegetables, as well as towards the purchase of local/regional, fresh and seasonal foods produced using sustainable production methods, reducing global meat, fat and sugar consumption. Comprehensive actions need to be undertaken to make those options easy and affordable for all ⁽²⁾. The Committee proposes that to this end existing European Commission programmes promoting healthy and sustainable diets such as the ESF+ MDP within the EU should be significantly strengthened;

17. also maintains that the development of quality local food systems is the best way to guarantee a stable and decent income for farmers; welcomes, in this connection, the introduction of social conditionality in the Common Agricultural Policy; considers that existing standards in the EU in this area should equally apply to importers;

18. highlights the need to ensure greater involvement of local suppliers of food, as well as fertilisers and energy, in the establishment of emergency and global stocks. In terms of international trade, the Committee suggests restoring the logic of commodity agreements;

19. supports the European Commission's proposal to develop, as part of the trans-European transport network policy, better rail connections with Ukraine, in particular with a view to promoting the transport of essential raw materials. To this end, the planned increase in the CEF budget is welcome;

20. stresses the need for urgent and large-scale action to adapt the food economy to climate change, while also calling for the strengthening of the insurance system for agricultural production and greater resilience to the adverse effects of climate change;

21. encourages research into new rainwater management systems, the construction of new reservoirs, and the renovation of irrigation systems and the drinking water network, which promotes agricultural production, the food industry and innovative investment in food production;

⁽¹⁾ OJ C 37, 2.2.2021, p. 22.

⁽²⁾ OJ C 272, 17.8.2017, p. 14.

22. calls on the European Commission to complete this work on food security contingency plans in order to develop and implement a long-term strategy to ensure basic food security at regional level, understood as the ability to meet the basic needs of a regional community over a certain period of time through its own food production and that of neighbouring regions; suggests, in this connection, the widespread use of local food plans developed in several European countries;

23. encourages the European Commission and the Member States to prioritise food use of agricultural products by making policies to promote biofuels and methane from agricultural sources more flexible so as to disconnect agricultural markets from energy markets when prices soar while maintaining this important outlet in the event of overproduction;

24. in this context, urges the European Commission to further develop, in particular within the Common Agricultural Policy, the regulation of agricultural markets which have been known to become completely unstable and inefficient in times of scarcity; in particular, this will make it easier to activate crisis management measures and make it possible, including through negotiations within the framework of the World Trade Organisation, to build up European food and agricultural stocks in order to avoid financial speculation in relation to international agricultural prices; the market regulation policies that need to be re-established as part of agricultural policy must also aim at maintaining remunerative price levels for farmers when the current period of tensions comes to an end, since being able to live a dignified life from work as a farmer is the best lever to strengthen agricultural activity and employment and to encourage new farmers to get established;

25. encourages the European Commission to have a policy of direct support to farmers that is more counter-cyclical (specific to the size and type of agricultural holding) in order to better target the most affected sectors while avoiding unnecessary aid to 'super-profit' sectors;

26. calls on the European Commission to place greater emphasis on stimulating progress in food production by funding research and implementation activities in the areas of adapting production to climate change, reducing dependence on non-EU suppliers, improving the health value of produced food and extending the lifespan of food with organic methods;

27. calls on the European Commission to place greater emphasis on stimulating progress in agricultural production by reducing its energy intensity. This will make it possible to substantially eliminate the dependence of agricultural production efficiency, and ultimately of food prices, on fluctuations in energy prices;

28. calls on the European Commission to place greater emphasis on ensuring favourable economic conditions for farming in a context of rising production costs, through support for agricultural producers adapted to the nature of the production carried out and the potential (volume) of the producer concerned;

29. calls on European Commission to set a binding target to halve food waste by 2030 as part of the revision of the Waste Framework Directive and on the basis of the work carried out by the EU Platform on Food Losses and Food Waste ⁽³⁾;

30. stresses that the involvement and action of local and regional authorities complements and supports efforts made in the context of international action as well as at the national level of individual EU Member States;

31. emphasises the role of the CoR as an institution whose members work in direct partnership with Ukrainian cities and regions.

The threat to food security

32. stresses that at present, the likelihood of a real famine in Europe as a consequence of the war in Ukraine still appears to be low, but that the conflict has already caused supply problems for some products, led to food inflation of 13,2 % year-to-year in August 2022 across Europe, and brought about a quite widespread sense of unpredictability (a drastic increase in the cost of artificial fertilisers, protection products and other inputs, as well as energy, may have unacceptable effects on autumn and spring sowing and lead to socially unacceptable further increases in food prices), which is also causing the destabilisation of regional socioeconomic systems;

⁽³⁾ Food waste reduction targets (europa.eu).

33. recalls that the ongoing conflict eliminates agricultural products and fertilisers from international markets originating with two very large exporters: Ukraine, where the war will lead to agricultural insufficiency and, afterwards, to the long-term process of rebuilding its potential; and Russia, which, as the aggressor, should be excluded from international trade;

34. assesses that the continuation of the war in Ukraine and the isolation of Russia's economy in its role as aggressor may pose a real threat to food stability, especially in non-European regions, which will increase the EU's humanitarian commitments towards famine-struck regions, while raising the migratory pressures in those regions;

35. stresses that one of the biggest threats to a stable food supply is the concentration of food production, which must be counterbalanced by favouring food supply from local producers. For many decades, highly developed countries have worked harmoniously together in food production and distribution, but recent years have shown that the political situation and also progressive climate change, natural disasters and pandemics can suddenly and very effectively interrupt these chains, cutting off extensive areas from supply making it necessary to increase the food resilience of these regions by relocalising production and building up minimum private and public stocks;

36. stresses, therefore, the need to develop a long-term strategy to safeguard European food security. This strategy should lead to relocalisation of food production to Europe, in particular through mirror clauses in free trade agreements signed by the European Commission to avoid unfair competition from imported products vis-à-vis European products; undertakes to support equivalent efforts towards food sovereignty by other countries around the world, particularly in Africa;

37. stresses that food availability can be improved by more responsible food handling, resulting in reduced wastage; this can take place in a great many ways, such as reducing overproduction, improving technologies for harvesting, transport, storage and processing, adapting the scale of retail and catering supply to real demand, and shaping consumer awareness;

38. expresses its readiness to take action at the level of regional development planning to reconnect agricultural and food policy at territorial level in order to reinforce sustainable food security, improve the quality of food and reduce its negative impact, by making systemic changes in technologies for food production and food management: reducing environmental impacts in food production, minimising the EU's dependence on external food suppliers and building a European solidarity system for secure access to food;

39. guarantees total protection for products covered by the Union's geographical indications scheme: PDO (Protected Designation of Origin), PGI (Protected Geographical Indication) and GI (Geographical Indication);

40. calls on the European Commission to place greater emphasis on funding projects aimed at increasing food security at regional level to ensure the security of local communities, at least for the time needed for allied countries to organise aid. This objective should be achieved through diversification of food production, increased areas for producing food, adaptation of agricultural space to climate change, funding for research and implementation towards the production of food with a longer shelf life, and EU-level storage mechanisms for those regions which, for physical and geographic reasons, are unable to achieve the same self-sufficiency, as well as creating a safeguard for food security at EU level.

Organic agriculture as a factor in strengthening food security and reducing the negative impact of agriculture on the environment

41. recommends, in the pursuit of food security, reversing the trend of increasing specialisation in food production, and hence the concentration of food-producing areas. This is typical of high-commodity agricultural production oriented towards maximum economic efficiency;

42. considers that this objective can be achieved by significantly increasing the share of agriculture carried out in accordance with the principle of organic agriculture, and by promoting the development of perennial crops. This will contribute to reducing the use of mineral fertilisers and chemical plant protection products, while significantly improving the water capacity of the soil, which is important in periods of both water scarcity and excess;

43. stresses that two main benefits are achieved here: a significant reduction of the degrading impact of intensive agriculture on the environment, and an increase in regional food supply autonomy by expanding food production capacity based on local agricultural production (shortening supply chains and reducing dependence in food production);

44. supports and protects terraced areas and growing crops on terraces, which can mitigate aspects of climate change by improving rainfall absorption, reducing soil erosion, mitigating extreme temperatures, reducing the risk of floods and forest fires and increasing the sequestration of organic carbon in the soil;

45. points out that the full implementation of the European Green Deal in agriculture, despite the undisputed environmental benefits, requires continuous monitoring to prevent a decline in the levels of agricultural production guaranteeing security of supply, especially in global terms. Consideration should be given to whether, in the event of a war-induced decline in the level of agricultural production in Ukraine and reductions in food imports from that country leading to famine in African and Middle Eastern countries, this decline should be compensated by EU countries in the short term. An increase in agricultural production and thus a revision of the general objectives of the European Green Deal should therefore be expected;

46. recalls that the global use of NPK fertilisers increased by 40 % between 2000 and 2019 (according to the FAO). It currently stands at more than 200 million tonnes per year, and the available data indicate a very high excess use of fertilisers. It is estimated that more than half of nitrogen fertilisers and about three quarters of phosphate fertilisers used are not absorbed by plants, either remaining in the soil or seeping into water bodies, determining to a large extent their ecological and chemical status. Furthermore, the Committee points out that the objective of the Water Framework Directive is for water bodies to achieve at least good ecological status. Excessive use of mineral fertilisers for the purpose of food production is now a major reason for the degradation of the aquatic environment and should also be eliminated in the context of the adopted Community water policy;

47. points out that China and India account for more than half of the over-consumption of fertilisers, which is another example of rapid economic development taking place in those countries at the expense of environmental degradation; competitive advantages obtained in this way do not constitute fair competition. Consumers of goods imported from these countries should be made more aware of this fact;

48. recognises that it is not possible to introduce universal organic agriculture; however, the EU's objective should be to consistently pursue the implementation of the action plan on organic farming and the target set in the Farm to Fork Strategy, with a view to achieving organic practices on 25 % of agricultural land by 2030. However, these objectives must not worsen the already difficult economic and social situation in Europe's countryside, but should reverse negative trends. It therefore asks the EU institutions to carry out an analysis of methods to achieve the environmental objectives of agricultural production. In order to achieve the ambitious objectives, there is a need to support environmentally-friendly farming, including, besides organic farming (full compliance with the criteria for organic farming), also habitat farming (subsidies for farms operating in areas with valuable natural characteristics) and environmental/integrated farming (support for farms undertaking selected ecological measures, e.g. packages under the current agri-environmental programme for sustainable agriculture, soil and water protection, or buffer zones). It is recommended that EU payments in the area of agriculture be closely linked to both environmental and food security objectives. The EU's long-term environmental ambition should be that food produced on its territory has the least possible negative impact on the environment. Food produced in this way also has a higher nutritional value and is healthier.

Price increases

49. considers that the soaring cost of living, including the significant rise in food prices, has so far not led to a drop or reduction in food consumption to levels that are life-threatening or health-threatening, but it has contributed to a deterioration in the comfort of life through the need to renounce certain products;

50. stresses the need to take protective measures in relation to the poorest residents to compensate for difficulties in access to food, which may have negative health consequences in the long term, in particular by supporting food aid organisations, schools and kindergartens from marginalised areas and providing assistance to homeless people;

51. points out that this loss of competitiveness is most often due to unfair competition from imported agricultural products; proposes, therefore, that the European Commission implement mirror clauses in its free trade agreements to ensure that imported agricultural products comply with the same environmental and social standards as those prevailing in Europe;

52. points out that the progressive increase in the prices of goods and services is significantly reducing the profitability of production in the agricultural sector. On the one hand, production costs are rising and, on the other, more expensive food from Europe will be less competitive on the markets;

53. considers that the main risks to agricultural activity and food production are currently caused by the very high and in recent times significantly increased prices of mineral fertilisers, fuels (notably diesel), electricity and plant protection products. This is compounded by the problem of water supply in agriculture, which has been growing over the years, as well as worsening climatic conditions and sudden weather events;

54. warns that lowering the profitability of agriculture may pose a real and significant threat to food security, because agricultural activity is cyclical and cannot be changed overnight. It can take several months to renew animal herds or restore sown areas;

55. considers that from a regional perspective, the rapidly rising cost of living, including food prices, is a very high threat to the stability of local and regional socioeconomic systems. It will negatively affect the labour market, people's incomes and local government incomes, ultimately increasing poverty and in turn forcing local and regional authorities to be involved in addressing the effects of the problem. Instability in the food market therefore has much wider consequences, and can affect the proper implementation of the tasks assigned to individual local and regional authorities and reduce the basis for regional economic growth;

56. recalls that from the point of view of business, the need to ensure that the foundations of the functioning of enterprises are safeguarded will limit development expenditure, which will have an impact on the innovativeness of the economy.

Boosting effective and cross-sectoral adaptation action and addressing loss and damage

57. draws attention to the complex problem of food waste, the reduction of which will make it possible to achieve a number of benefits at various levels, in particular a reduction in the use of valuable resources needed for the production, transport and distribution of food — energy, water, labour costs, surface area devoted to production and also the production of greenhouse gases;

58. stresses the importance of systemic action to reduce food waste, as more responsible food handling will lead to a reduction in the scale of purchasing, with consequences for production, processing, transport, trade and the labour market. It is therefore necessary to ensure a planned transition that takes into account safety net measures;

59. stresses the acute importance of creating and promoting short and fast supply chains from farmer to consumer (meaning lower prices, high quality and rapid delivery). Shortening food supply chains also has a significant climate impact through reducing emissions from transport;

60. points out that, in order to encourage the public to use locally produced food, it is worth highlighting the place where it is produced (creating regional brands), as appropriate labelling and local economic patriotism can facilitate the acceptance of higher food prices if such are necessary in view of the cost of producing food;

61. recalls that a significant decrease in crop production is projected as a result of the Green Deal, and that rising food prices will cause social reluctance towards the energy transition. Safety net measures are therefore needed to create a positive climate and understanding for the Green Deal;

62. sees a need for cross-sectoral cooperation between farmers, businesses, public authorities and the scientific community to develop approaches for adapting the agricultural economy to climate change — mitigation and adaptation measures in face of the existing water shortage and natural disasters, aiming to reduce the variability of annual agricultural production dynamics and minimise additional potential failures and losses in food production. These measures should involve public investment and technological and agro-ecological innovation and run in parallel with the Green Deal, with respect for environmental resources;

63. points out that the industrialisation of agricultural production also leads to increased dependence between countries. This is particularly evident in the chemical industry. Russia is the world's largest exporter of NPKs. Moreover, the concentration of production results in a very high carbon footprint from transporting it globally on a massive scale (more than 20 million tonnes of fertilisers are transported annually between continents). The production of fertilisers requires very large quantities of gas, and with five countries concentrating two thirds of its global supply, this poses a real risk that the regulation of gas prices can shape the prices of fertilisers and ultimately of food. Efforts should therefore be made to diversify the production and supply of agricultural inputs.

Problems of the information policy of the EU food economy

64. stresses that disinformation on the availability of food is one of the most effective ways of destabilising social harmony and inducing people towards unreasonable behaviour, and these threats must therefore be resolutely opposed; Member States must be able to reassure the population in future by having food security contingency plans that are sufficiently ambitious in order to follow up on the Commission communication of 12 November 2021;

65. stresses that structural changes in food production to reduce dependence on external suppliers and increase the importance of regionally produced food may result in higher food prices, making it necessary to have a transparent and reliable information policy which should pay attention not only to security of supply but also to reducing the environmental costs of producing food;

66. encourages the continued promotion of high-quality food produced close to where people live.

Brussels, 30 November 2022.

*The President
of the European Committee of the Regions*
Vasco ALVES CORDEIRO

**Opinion of the European Committee of the Regions on the Future of Youth Policy in the EU.
Reflection on youth policy and youth mainstreaming in the context of the European Year of Youth
2022**

(2023/C 79/06)

Rapporteur: Tine RADINJA (SI/Greens), Mayor of Škofja Loka

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

Introductory remarks

1. aims with this paper to offer a new and comprehensive reflection on youth policy, mainstreaming of youth issues across policy fields and the active participation of youth in building the future of Europe, in the context of the 2022 European Year of Youth, as triggered by Decision (EU) 2021/2316 of the European Parliament and of the Council ⁽¹⁾, and as recommended by the Conference on the Future of Europe. Furthermore, the CoR proposes a strong recommendation on youth mainstreaming, which is one of the targets of the 2022 European Year of Youth;
2. highlights that the COVID-19 pandemic caused many young people to lose nearly two years of educational opportunities, work, mental health and social life. Therefore, the European Year of Youth should not only recognise the sacrifices the younger generations had to make during the pandemic, but should trigger lasting change that goes beyond the European Year of Youth. As society recovers from the effects of the pandemic, engaging young people and understanding their concerns is crucial to move on from the crisis;
3. points out that youth policy and youth mainstreaming are particularly sensitive to territorial and social dimensions, as there are significant inequalities in access to basic services, education, jobs, housing, and in social mobility across regions in the EU, which affect youth in differing ways. Local and regional authorities have important competences in many fields that are relevant for youth policy, such as housing, education, employment, the fight against poverty, discrimination, support for students, youth associations, youth work, cultural and leisure activities, which is why local and regional levels must be better taken into account at all stages of the coordination and implementation of the EU Youth Strategy;

On youth mainstreaming

4. calls for youth mainstreaming and mainstreaming a youth rights-based perspective in policy-making at local, regional, national and European levels, systematically ensuring perspectives of and for youth are taken into account across policy fields. Moreover, youth and youth organisations should be consulted across all policy discussions to consistently apply a youth mainstreaming approach, including in the delivery of national plans for the deployment of Next Generation EU Funding and Recovery Packages;
5. calls on the European Commission to implement an EU Youth Test that would enable the assessment of the impacts that policies have on young people. Before the adoption of all new policies, at least the following three steps should be taken: meaningful engagement with relevant youth stakeholders including experts working on youth and representative youth organisations working on relevant topics, impact assessment of what effect the policies will have on young people and proposed measures that would mitigate the possible negative effects;

⁽¹⁾ Decision (EU) 2021/2316 of the European Parliament and of the Council of 22 December 2021 on a European Year of Youth (2022) (OJ L 462, 28.12.2021, p. 1).

6. calls on the European institutions, national and local governments to collect youth-relevant data in all policy fields, coherently disaggregated by age. The collection should be conducted in collaboration with youth organisations and policies should be deployed to enhance their data literacy skills, enabling them to access, analyse, and interpret information to design evidence-based advocacy actions and projects to promote change;
7. emphasises the need for youth policy to be built into all EU policies by means of a horizontal approach, fostering cross-sectoral, interregional and cross-border cooperation;
8. calls for measures that will strengthen and empower youth organisations, as strong European youth organisations contribute to civic education, increased knowledge on democracy and more active citizens;
9. regrets that the civil space for youth organisations has been shrinking in recent years and calls for more sufficient and sustainable resources as well as operating funding that fits the structural needs of youth organisations. These must be distributed transparently, which will support a strong youth sector that ensures that young people from all backgrounds can have access to a safe space to participate, engage and grow as active citizens;
10. highlights the importance of European regions and municipalities for the success of the EU Youth Strategy and the contribution they can bring through education and culture to foster an inclusive society for young people and encourages the strengthening of the regional and local dimension of the EU Youth Dialogue;
11. calls upon local and regional authorities to treat youth issues as a constant priority in policy-making and proposes the adoption of a local youth strategy in all local and regional authorities;
12. calls on the European Commission to strengthen the youth dimension in the Erasmus+ and European Solidarity Corps programmes and take further measures to ensure that participation in the programmes is accessible to all groups of young people and that young people are empowered by and suitably supported including in the participation in the programmes; calls on the Member States and on local and regional authorities to promote information campaigns that show young people the personal and professional benefits and the enrichment brought by these programmes, and to promote youth participation in both of them at schools and universities;

On employment and social protection

13. calls for appropriate measures to be taken to ensure young people's rights to stable and meaningful employment with decent working conditions everywhere in Europe;
14. underlines the positive role of entrepreneurial education, social entrepreneurship, and of the social economy in reducing youth unemployment, and calls on the decision-makers on European and national levels to work towards removing barriers for young entrepreneurs, including barriers to become an entrepreneur alongside studies;
15. calls on Member States and on local and regional authorities to promote youth outreach from within the European institutions, and to boost youth mobility between Member States at schools and universities, highlighting personal and professional development opportunities that this mobility generates, as well as the positive experiences that it could have for youth development in Europe;
16. proposes that the European Commission sets supporting, supplementing and coordinating measures aimed at decreasing the level of job insecurity among young people, to facilitate better access to social protection that removes any form of age-based discrimination criteria, on par with older age groups, and end youth minimum wages;
17. recommends strengthening coordination on youth employment policy, especially regarding the implementation of the Reinforced Youth Guarantee by local and regional public employment services;

18. calls for effective banning of unpaid internships in all Member States as part of the European Commission's review of the Quality Framework on Traineeships, and for measures, including the introduction of an EU directive, to ensure that internships, traineeships and apprenticeships are providing a minimum standard of rights concerning the working conditions, notably, access to statutory minimum wages and access to social protection;

19. underlines the importance of decent and affordable childcare to enable parents, including young parents, to (re-) enter the labour market;

20. calls on the Commission and Member States to propose concrete measures to improve the inclusion of young people from all backgrounds in the job market, to fight discrimination and ensure equal opportunities. In this respect, further coordination is needed to improve the outreach to young vulnerable people facing multiple barriers due in particular to poverty, gender, sexual orientation and gender identity, disability, low educational attainment or ethnic minority/migrant background;

21. reiterates the need to 'acknowledge that LGBTI+ youth in Europe is particularly vulnerable, as they are exposed to discrimination, victimisation, stigmatisation and abuse from a young age as they experience difficulties coming out to family and their communities, limited understanding by professional service providers and broader society of LGBTI+ issues, as well as mental, physical and sexual health challenges' ⁽²⁾; calls to this effect for effective measures at European level to fully empower young LGBTI+ people;

22. stresses that the difficult access and high cost of housing plays a significant role in impeding the autonomy of young people, thus rendering education and job mobility difficult as well as reducing the purchasing power of younger generations. Therefore, calls for considering it a priority to take supportive measures, including through the mobilisation of EU funds, aimed at ensuring suitable and affordable housing conditions for all young people in Europe;

23. stresses that many young Europeans have faced a greater risk of poverty and social exclusion due to the COVID-19 pandemic, and calls for EU supporting measures aimed at ensuring that young people are always sufficiently supported in times of crisis;

24. suggests that further coordination is needed to exchange good practices, objectives and indicators relating to fighting poverty, the risk of social exclusion and the social precariousness of young people;

25. points out the critical situation that young refugees face, especially unaccompanied minors, and calls for the adoption of supporting measures aimed at enabling all young refugees, and their families, to have access to basic services, such as education, housing, health, as well as the preservation of their human rights;

On the physical and mental health and wellbeing of young people

26. highlights the importance of access to universal, affordable and high-quality health services, both preventive and curative; insists to this effect on the need to address barriers facing young people with no access to social security;

27. stresses that there is a great need to break the stigma and to recognise the mental health challenges and barriers young people are facing as a result of the pandemic and that immediate action should be taken to address the mental health needs of young people;

28. suggests implementing a holistic approach to mental health by promoting social rights and economic protection packages to address socioeconomic determinants of mental health, with targeted support and provision of basic services and rights for young people experiencing exclusion, discrimination and marginalisation;

29. calls for measures to make mental health support affordable and accessible to all young people, including the most vulnerable. Furthermore, calls for increasing the accessibility and the funding of mental healthcare, making sure that everyone can get the help they need;

⁽²⁾ Union of Equality: LGBTIQ Equality Strategy 2020-2025 COR-2020-05861.

30. calls for more investment in already existing, bottom-up community building initiatives i.e. youth centres, free and accessible culture and sport activities and support for civil society organisations that work on mental health;

31. calls for an EU Mental Health Strategy that includes measures to ensure the prevention of mental health problems, meaningful empowerment and active engagement of European youth in the decisions taken regarding their mental health, and targeted mental health support at every stage of life;

32. insists on the need to ensure that young people's sexual and reproductive health rights are fully protected, including access to affordable contraceptive and menstrual products;

33. welcomes that the European Commission has established a Steering Group on Health Promotion, Disease Prevention, and Management of Non-Communicable Diseases; calls however to put further emphasis on the situation of young people within the Steering Group;

On meaningful participation

34. reiterates its support to 'promoting the personal development of persons with disabilities, especially children and young people, as with everyone else, through access to art, culture, recreational activities, leisure activities, sport and tourism' ⁽³⁾, as a key element of the wellbeing of persons with disabilities. The Committee stresses to this effect the role of sport in the inclusion of people with disabilities, and 'urges the Member States to promote programmes enabling children, young people and people with disabilities with greater limitations on their participation' ⁽⁴⁾;

35. emphasises that the European Year of Youth 2022 is a great opportunity to encourage meaningful youth participation in democratic life and its legacy should aim to be the structural strengthening of democracy for young people, with an emphasis on the role of representative youth organisations;

36. recommends involving youth in the design, leadership, implementation and assessment of policies at EU, national, regional and local levels that have an impact on young people and in the related formal consultation mechanisms. Further to this, the success and implementation of these initiatives should be monitored to ensure that young people's participation brings tangible results or that there is a clear explanation as to why ideas or initiatives could not be implemented;

37. calls on all competent authorities at local, regional, national and European level to set up youth councils in order to enhance their trust in the functioning of the institutions, and to support reflection, freedom of expression, decision-making and knowledge of democratic principles and individual and collective freedoms;

38. calls for building on the outcomes of already existing participatory mechanisms, such as the EU Youth Dialogue, which provides space for all young people from the EU to voice their opinion on relevant topics and influence legislative procedures working directly together with decision-makers. This process should be further developed and include other EU institutions;

39. calls for measures to support and empower young people to address sustainable development and fight against climate change, and to use their potential for meaningful change in societies;

40. invites Member States to seriously consider lowering the voting age to 16 for all local and regional elections in Europe and calls for producing data and knowledge exchange on the impact of institutional arrangements on youth political participation, for instance on the minimum age to vote and to stand for an election, or on the limitations to the number of political mandates;

⁽³⁾ Strategy for the Rights of Persons with Disabilities (COR-2021-01679).

⁽⁴⁾ Ibidem.

41. calls for supporting and coordinating measures aimed at developing youth knowledge regarding civic education, to ensure that young people understand decision making in their local communities and are aware of democratic processes and their human and citizen's rights;

42. emphasises the need to ensure that all young people have access to quality information on participation opportunities and promote informed participation, especially when it comes to democratic processes;

On inclusive society

43. supports coordination and exchanges of good practices on the role of gender in educational and employment paths, to identify barriers and to improve the access of women and girls to all educational and professional opportunities;

44. supports gender mainstreaming in public policy at all levels; reiterates also its request that 'local and regional authorities be involved in designing and implementing the EU-level awareness-raising and communication campaign needed to combat gender stereotypes, and stresses the need to pay particular attention to youth, as this is one of the groups that is key to change' ⁽⁵⁾;

45. considers integrating young people from migrant backgrounds into education and social life to be a priority, therefore calls for further coordination and exchanges of know-how and good practices on effective policies with this aim;

46. considers it necessary to strengthen supportive measures aimed at ensuring that young Roma have access to basic services in all EU Member States; The Committee reaffirms to this effect its firm conviction that 'the four key themes identified by the European Commission [in its EU Roma strategic framework] when grouping its objectives — education, employment, healthcare and housing — play a key role in the Roma inclusion process, together with the role played by social services, especially at the local and regional levels' ⁽⁶⁾; furthermore, it urges for significant support to Roma children in order to effectively address low educational attainment;

47. considers that combatting discrimination, racism and other forms of intolerance is crucial in the fight against violent radicalisation and for preventing young people from falling prey to political or religious extremism. In this sense, considers that education and civil society organisations should play a crucial role in transmitting democratic and humanistic values and that a stronger coordination on this area at EU level could be useful to all Member States;

On youth work

48. calls for measures to support quality youth work development at local, regional, national and European level, including further coordination and supporting measures aimed at ensuring a high-quality standard of training for paid and volunteer youth workers, and allocation of sufficient resources to youth work organisations;

49. considers that for the European Youth Work Agenda for quality, innovation and recognition of youth work to be a success, it is necessary to strongly involve local and regional authorities. Further to this, considers it necessary to ensure that sufficient data and common indicators are available, including at local and regional level, to ensure efficient monitoring of the initiative;

50. favours the establishment of a legal framework surrounding the concept of youth work in order to better define what youth work is, clearly state its functions and competencies and give youth workers specific recognition for their work;

51. calls for further recognition and support for volunteering;

⁽⁵⁾ A Union of Equality: Gender Equality Strategy 2020-2025 (COR-2020-02016).

⁽⁶⁾ A Union of Equality: EU Roma strategic framework for equality, inclusion and participation (COR-2020-05625).

On education and training

52. calls on Member States and regional and local authorities to ensure universal access to quality education from early childhood on (with special attention to language acquisition) and suggests further coordination and exchanges of good practices on the social inclusion of young people, especially vulnerable young people, in the educational system at all levels as well as on preventing early school leaving;

53. calls for appropriate measures to be taken to further disseminate competence acquisition and recognise the competences learned through non-formal education and informal learning from early childhood on, and to ensure that these competences can be validated when entering or re-entering formal educational paths, employment, etc.; and also calls to encourage transversal skills, that are fitted with the changing nature of employment, to promote language skills, as a priority to increase young people's chances of integrating into the labour market;

54. calls for support for paid and volunteer youth workers and youth organisations as key education providers through non-formal education and informal learning;

55. calls for supportive measures aimed at ensuring that all teachers can acquire and keep up to date on the necessary pedagogical knowledge as well as high level skills, with a special focus on digital competences, and to ensure that their profession is recognised and valued in society, including how it is valorised economically in the job market;

56. supports the creation and further use of existing pan-European platforms for the broad dissemination of educational content and tools in an inclusive and multilingual way, taking into account regional languages;

On digital transition

57. stresses the importance of all young people having access to new technologies and proper equipment that will enable equal access to opportunities for all of them;

58. recommends defining relevant skills and competences as well as standards needed for transition of education into digital form, including exploring and removing potential new exclusion points for teachers/trainers and young people;

59. encourages the development of comprehensive digital competences in education systems for youth, including for competences on how to meaningfully use technology.

Brussels, 1 December 2022.

*The President
of the European Committee of the Regions*
Vasco ALVES CORDEIRO

Opinion of the European Committee of the Regions on enhancing Cohesion Policy support for regions with geographic and demographic handicaps (Article 174 TFEU)

(2023/C 79/07)

Rapporteur: Marie-Antoinette MAUPERTUIS (FR/EA), President of the Corsica Assembly

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR)

1. points out that Article 174 TFEU instructs the EU and its Member States to guarantee that the EU objective of economic, social and territorial cohesion (Article 3(3) TEU) is particularly enforced in rural areas, areas affected by industrial transition, regions which suffer from severe and permanent natural or demographic handicaps, such as the northernmost regions and regions with very low population density, islands, cross-border and mountain regions. This should also apply to regions with much older populations;
2. insists that, though EU Cohesion Policy has a key role to play in enforcing Article 174 TFEU, this mandate is binding on all other EU policies (in particular the European Green Deal and the Digital Agenda), which must not undermine the goal of territorial cohesion between these territories;
3. stresses that respecting the principles of shared management of Cohesion Policy, and indeed the principle of subsidiarity (Article 5(3) TEU), can never be used as an argument to undermine the application of Article 174 TFEU at national level;
4. welcomes the fact that the new round of Cohesion Policy introduces a new policy objective (PO5) 'Europe closer to EU citizens', which can be used by the Member States to better target support to Article 174 areas;
5. notes that, currently, the 2021-2027 Partnership Agreements and programmes are finally being finalised;
6. believes that the new Territorial Agenda 2030, together with the new Long-Term Vision for Rural Areas, the Rural Pact and the recently proposed Islands Pact ⁽¹⁾, are together providing Article 174 areas with a strong, new political momentum;
7. considers that the many new EU funds that explicitly or implicitly have a territorial dimension (EU Structural and Investment Funds, including the Just Transition Fund, the European Agricultural Fund for Rural Development, as well as the Recovery and Resilience Facility) are mostly being programmed in isolation. In reality, what all Article 174 TFEU territories need, both those sharing the same structural handicaps within a Member State, as well as those between Member States, is a truly integrated approach to all of these interventions;
8. is concerned, however, that this is not sufficient, as the recent 8th Cohesion Report shows an increase in disparities, particularly within the Member States, which disproportionately affect Article 174 regions because their structural handicaps entail additional costs;
9. believes that other EU policies, particularly transport, energy, the single market and competition, need to reassess their impact when it comes to protecting and promoting Article 174 regions. Very often the needs of these regions are considered at the end-stages of the policy design process, for instance when identifying regional state aid maps, rather than from the outset, such as when defining the regional aid guidelines;

⁽¹⁾ European Parliament Resolution 2021/2079(INI).

10. stresses that the EU and its Member States must comply with Chapter 1, Article 3 as well as with Chapter 3, Article 20 of the European Social Pillar, as well as with Article 34(3) (social and housing assistance), Article 35 (healthcare), and Article 36 (access to services of general economic interest) of the Charter of Fundamental Rights of the EU when ensuring access to basic welfare and a basic level of wellbeing through the provision of basic public services, particularly in Article 174 areas;

11. proposes that each Member State provide basic public services in Article 174 areas, in line with the European Social Pillar and the Charter of Fundamental Rights. The provisions of the Protocol on services of general interest ⁽²⁾ should be taken into account in particular in this regard, for example the broad discretion of national, regional and local authorities in organising services, the promotion of universal access, and so on. The provision of effective and sustainable cross-border public services should be systematically explored ⁽³⁾. Conversely, the Commission must ensure, when reviewing the National Reform Programmes, the Partnership Agreement, the CAP Strategic Plans, the National Recovery and Resilience Plans and the delivery of the corresponding EU funds in the Member States, that these support the maintenance and development of such basic services. Additionally, EU and national support for Article 174 territories must be specifically reflected in the Cohesion Report (Article 175 TFEU);

12. believes that the new Interregional Innovation Investments (I3) instrument, in whose development the CoR played a key role ⁽⁴⁾, along with regional networks such as the Vanguard Initiative, EARTO, ERRIN and the CPMR, among others, should be the template through which funds from the RePowerEU initiative and the National Plans under the Recovery and Resilience Facility are used to tie together areas sharing the same or similar challenges in order to test new innovative solutions that can then be replicated EU-wide;

13. believes that rural proofing, island proofing and, more widely, territorial impact assessment (incl. cross-border impact assessment) must not be a just an option, as recognised in the 2021 Better Regulation package, but a core element of EU policy formulation in order to respect the 'do not harm cohesion' principle. This will ensure that new EU policies enhance territorial cohesion across all policy areas, hence the need for these assessments to be coordinated by the Secretariat-General of the Commission and the need to make full use of the Fit for Future platform, RegHub and the CoR itself, in order to ensure that the Commission has detailed evidence of the potential impacts on the ground;

14. welcomes, in this respect, the newly developed first EU guide on rural proofing ⁽⁵⁾ and the Territorial Agenda pilot actions ⁽⁶⁾ on issues such as territorial impact assessment and depopulation, which had active CoR contributions ⁽⁷⁾; commits to fostering ownership and use by national governments of these key tools;

15. stresses that developing the present limited application in practice of Article 174 TFEU must not effect, in any way, either Article 349 of the Treaty, which provides special protection for outermost regions, or the specific treatment of the northernmost sparsely populated areas protected by the respective Accession Treaties;

EU funding to support regions with specific territorial features

16. regrets that, unlike the other four policy objectives, PO5 does not include any form of territorial earmarking outside the 8 % of the ERDF earmarked for sustainable urban development (which may be used for ITI and CLLD). This favours a thematic approach and penalises territories with specific handicaps protected by Article 174 TFEU;

⁽²⁾ OJ C 306, 17.12.2007, p. 158.

⁽³⁾ <https://cor.europa.eu/en/our-work/Pages/OpinionTimeline.aspx?opId=CDR-2615-2020>

⁽⁴⁾ CDR 3595/2018.

⁽⁵⁾ [enrd_report_tg_rp_a_framework_of_rural_proofing_actions.pdf](#)

⁽⁶⁾ <https://territorialagenda.eu/pilot-actions/>

⁽⁷⁾ Rural proofing — a foresight framework for resilient rural communities.

17. sees the need to include a comprehensive budgetary response to the demographic challenge, allocating additional funds, in all relevant EU programmes and policies, in particular in all the Structural Funds, so as to better combat the social, economic and territorial divide affecting EU regions experiencing depopulation;

18. urges the Commission, which at this very moment is holding negotiations with the Member States on the Partnership Agreement, the CAP Strategic Plans and the programmes, to challenge the relevant Member States to demonstrate that they are providing specific support for those Article 174 areas under the Structural and Rural Development Funds;

19. encourages the relevant Member States to apply specific earmarking to Article 174 territories in these National Plans, in order to act as a strong signal for managing authorities to take these regions into consideration more effectively in their programmes;

20. encourages the Member States, in particular, to create one-stop-shops at regional or sub-regional level for EU Cohesion Policy funds (ERDF, ESF+, JTF, etc.) and EARFD, in order to facilitate the understanding of and access to these funds for the beneficiaries in the territories covered by Article 174 TFEU;

21. recommends making increased use of territorial tools such as Integrated Territorial Investments (ITI) and Community-Led Local Development (CLLD) in order to invest EU and national funds in overcoming territorial handicaps in an integrated way using a bottom-up approach, however, urges the Commission to increase the co-financing rate for territorial programming tools implemented in territories with geographical and demographic handicaps covered by Article 174, and to design implementation and result indicators that are more in line with the nature of the measures implemented in these territories;

22. considers it essential that the Structural Funds be implemented more flexibly in the rural areas that are more severely affected by population decline, so as to allow them to be used jointly in the same project, with provision for advances and in a way that is complimentary with the financial instruments;

23. considers that the Recovery and Resilience Facility has an equally important role to play in Article 174 areas as most National Recovery and Resilience Plans will support structural reforms, modernisation of public services, green transition and support for SMEs. Therefore, it is incumbent on the Member States to ensure, and the Commission to verify, that National Recovery and Resilience Plan investments do factor in the specific needs and handicaps of those areas;

24. Asks the European Commission to develop new indicators in order to better assess and measure the severity of the geographical and demographic handicaps in regions mentioned in Article 174 of the TFEU. Considers that, once such solid indicators are available, they should be used to adapt the distribution of European structural and investment funds for the next period to go beyond the sole GDP indicator in order to compensate for the overall growth difficulties faced by these regions mentioned in Article 174 of the TFEU;

25. calls for post-2027 Cohesion Policy to include specific EU-level regional targeting and earmarking for regions with areas mentioned in Article 174, with a minimum aid threshold in Partnership Agreements. Potentially, this should also comprise other policies in the EU budget that have a territorial dimension, including any successor to Next Generation EU;

Rural areas

26. insists that EU policies should promote the attractiveness of these territories and protect their quality of life and the rural population by ensuring equal access to basic services and opportunities. This concerns not just Cohesion Policy but also EU agricultural, single market, competition, environmental and energy policies;

27. believes that as plans oriented towards recovery, the Structural Funds and NextGenerationEU should serve to give a socioeconomic boost to rural areas affected by depopulation, given that the negative impact of the pandemic can exacerbate territorial imbalances. From a digitalisation perspective, they should serve to ensure quality digital connectivity for the whole population. With regard to the green transition, they should serve to make these rural areas places for investment and innovation in the green economy, renewable energy, sustainable tourism and the circular economy;

28. draws the Commission's attention to the urgent need to go beyond the new Territorial Agenda 2030 and the new Long-Term Vision for Rural Areas in order to put in place a European Rural Agenda that can mobilise specific indicators to verify the use of structural funds in Article 174 regions (with specific data on mountain ranges, islands, rural areas, areas experiencing demographic and industrial decline, etc.). These indicators should be defined at sub-regional level (such as NUTS 3 and LAU), where the greatest disparities in development are to be found, and should be used when rural proofing all EU policies;

29. considers that rural residents have to travel further than their urban counterparts to reach many public and private services and rely on cars or buses to reach most services; as highlighted by the 8th Cohesion Report, highlights the role of smaller cities and, in particular, of towns and villages, which act as 'regional centres' for people living in the surrounding rural areas who come to these places for services;

30. regrets, however, that across many parts of Europe, towns and medium-sized cities are suffering a process of structural decay to the benefit of large metropolitan areas, which in turn doubly affects rural areas and areas where rural-urban links are not sufficiently addressed;

31. stresses that the new Long-Term Vision for the EU's rural areas up to 2040, (LTVRA) together with the Rural Pact and an EU Rural Action Plan, must set out, with the Member States and regions, clearly defined proposals for immediate action, specific targets, and investment towards stronger, connected, resilient and prosperous rural areas and communities;

32. is concerned that this growing rural-urban divide is contributing to political polarisation, a feeling people are being denied their democratic rights, and a lack of trust in national institutions, and in particular in the EU, as increasingly demonstrated by scientific studies;

33. calls for the Member States to include Structural Fund earmarking for CLLD and ITI to be invested in rural areas, and to ensure consistency with investments from the EARDF and the Structural Funds in the same territories;

34. believes that the Rural Revitalisation Platform should act as a one-stop shop for rural communities, project owners and authorities to work together, including at a technical and political level between rural and urban authorities;

35. strongly argues that rural proofing can be neither a tokenistic nor a technocratic exercise, but that it must be embedded in the development of all EU territorially-sensitive legislation, and must include a participatory element in order to consider the potential impacts and implications for rural areas;

36. stresses that the long-term vision for rural areas should support broader data collection, monitoring and foresight on rural-urban partnerships at EU level, through the new rural observatory or by means of support provided by ESPON. This observatory should collect data and analysis on rural areas to support policy-making;

Areas affected by industrial transition

37. believes that the EU Industrial Strategy and COVID-19 have demonstrated that it is necessary to put industry and industrial communities at the top of the EU policy agenda so that the GDP share of industry is drastically increased in the future;

38. points out that the rurality of the insular areas, due to their territorial discontinuity, complex demography, limited territory, and fragmentation, entails certain particularities and challenges that must be taken into account and addressed in a long-term vision for rural areas;

39. considers that not only must the Just Transition Fund interventions be properly embedded within Cohesion Policy smart specialisation strategies, but that, more importantly, reinvigorating Europe's declining industrial areas must go beyond cohesion to become a central part of the Recovery and Resilience Facility and its successor programmes; these programmes should be also embedded in cohesion policy or at least implemented in better synergy with cohesion policy;

40. is convinced that this represents an opportunity for regions undergoing industrial transition, as the priority must no longer be simply to compensate for past restructuring, but to use the undervalued know-how and assets of these regions in order to rapidly relaunch the European industrial base;

41. believes that the priorities of these old and new EU funds must be to support competitiveness, upskilling and environmental restoration, to promote the role of SMEs, 'science-to-industry' and 'university to market' (i.e. bringing ideas to the market), and to boost industrial culture;

42. stresses that the rehabilitation of areas affected by the industrial transition could be an excellent way to combat urban sprawl, preserve rural land and biodiversity, and achieve the ecological transition;

43. is convinced that these funds and interventions must not operate in isolation but within clearly defined integrated territorial plans that in turn allow for cooperation with similar areas from the same Member State and the rest of the EU, for example mirroring the template of the recently launched EU Mission: Climate-Neutral and Smart Cities initiative⁽⁸⁾;

Regions which suffer from severe natural and permanent demographic handicaps

44. is concerned by the findings of the 8th Cohesion Report, which confirms that the share of the EU population living in a shrinking region is projected to reach 50 % by 2040, which will affect the availability of public services, employment opportunities, and the democratic legitimacy of national and EU institutions;

45. welcomes the fact that the Commission is giving more pre-eminence to demographic issues in the 8th Cohesion Report, the report on the 'Impact of the demographic change in Europe', and subsequent mapping exercises;

46. believes that the 'brain drain' proposals⁽⁹⁾, which were requested by the CoR⁽¹⁰⁾ and that are currently in preparation to address population decline, need to regard this issue not only as a human capital issue of migration to other Member States but to focus primarily on the territorial consequences of population decline within Member States;

47. stresses that the first ever EU-wide definition of a demographically declining area for the purposes of EU Structural and Investment Funds, originally put forward by the CoR⁽¹¹⁾ and included in the ERDF Regulation (EU) 2021/1058 of the European Parliament and of the Council⁽¹²⁾, should be used to better spatially target other relevant funds beyond Cohesion Policy, particularly for the Just Transition Fund and the National Recovery and Resilience Plans, as all these funds shall contribute towards integrated and place-based actions;

48. also believes that this definition should be reviewed regularly in order to take into account and effectively address the problems these areas face; therefore encourages exploring the possibility of using territorial classifications more suited to the actual problem in each territory, whether these be NUTS3-level territories or, below that level, local administrative units, which are in some cases adjacent to them;

49. is concerned that only a small minority of Member States, regions and groups of regions are developing integrated strategies against depopulation that provide integrated responses to this problem, including spatially targeted national and EU funds, fiscal/state aid incentives and the provision of basic services;

50. wishes, however, to point out that densely populated areas or areas with much older populations may also have demographic handicaps, particularly if they are also affected by other factors mentioned in Article 174, such as their island status, seasonal economic activities and the need to provide basic services throughout the year, hence the need for better data at sub-regional levels (NUTS3 and LAU);

⁽⁸⁾ EU Mission: Climate-Neutral and Smart Cities | European Commission.

⁽⁹⁾ Brain drain — mitigating challenges associated with population decline (communication).

⁽¹⁰⁾ CDR 4645/2019.

⁽¹¹⁾ CDR 3594/2018.

⁽¹²⁾ Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund (OJ L 231, 30.6.2021, p. 60).

51. believes that the Commission should go beyond the guidance that it has been preparing for managing authorities and make this a key element of its country-specific recommendations, in particular in order to ensure that the Member States use EU funds in a way that tackles this challenge rather than reinforcing existing dynamics;

Islands

52. regards insularity as a permanent and unchangeable geographical feature which involves additional costs (transport, energy, waste management, public services, necessity goods and services) that hamper the development and competitiveness of these territories, while particularly exposing them to biodiversity loss and climate change;

53. finds it therefore regrettable that the 8th Cohesion Report did not really consider the specific situation of islands in the EU;

54. fully agrees with the Council conclusions presented by the French presidency of the Council of the EU, according to which 'islands, peripheral and remote territories, including outermost regions, are facing particularly serious challenges, also due to increased transport costs' and there is a 'need for an inclusive and specific approach towards them, in order to support them in their transitions';

55. strongly welcomes the European Parliament's proposal asking the European Commission to draw up an 'EU Strategy for Islands' with an action plan to encourage growth and innovation in a sustainable way, protecting the environment and people living on islands, as well as an 'Islands Pact' to involve all actors via a multilevel, cross-sectoral approach;

56. believes that, unlike the Pact of Amsterdam and the macro-regional strategies, the Islands Pact, as well as the Rural Pact, which is also in development, must have new legislation, new funds and new policy approaches specific to those areas: the rule of the three 'no's' should be made more flexible as regards macro-regional strategies;

57. calls for special fiscal/state aid status for islands to be included in this Pact in order to help overcome the 'insular tax', i.e. the overhead costs associated with insularity;

58. stresses that the energy transition can unwillingly penalise island citizens as they have less flexibility when it comes to adapting rapidly to the ambitious EU move towards climate neutrality and investment in alternative energy sources on islands, and thus the Pact must include tailor-made support from the EU and the national level;

59. calls for this Pact to include European island regions within the Connecting Europe Facility/Trans-European Networks for Transport, Energy and Digital;

60. reiterates that digital territorial continuity and digital cohesion are key tools to overcome physical isolation of islands, and to tackle one of the biggest challenges islands face, namely the demographic challenge;

61. proposes that the Commission identify additional strategies and specific financial support measures for islands and outermost regions, especially given the disproportionate impact of the pandemic on island tourism;

62. calls on the Commission and the Member States to introduce digital operational resilience policies on EU islands, in order to ensure that citizens and entrepreneurs can operate on EU markets while based on an island;

63. urges the EU and the Member States to work with the CoR and local and regional authorities on the European Year of Islands 2024 in order to promote islands' unique socioeconomic, natural and cultural capital;

Cross-borders region

64. regrets the significant cuts the European Territorial Cooperation programmes have suffered for the 2021-2027 programming period. This is not in accordance with the fact that 1/3 of EU citizens live in border regions and Interreg has proved to have a true EU added value in promoting cross-border cooperation as a suitable tool for the development of EU border regions;

65. highlights the prevalence of administrative, legal and linguistic barriers (cross-border healthcare, worker mobility, and accessibility to services, as evidenced by COVID-19), between Member States (land and marine borders) and within them, which hamper growth, socioeconomic development and cohesion among and within border regions;

66. stresses that the added value of Interreg is not only the development of (often peripheral) border regions but also building trust among people on the different sides of the border. The role of people-to-people projects is key and should be further supported ⁽¹³⁾;

67. urges the Council to unblock the European cross-border mechanism (ECBM) as it is a much more effective tool than the EGTC and would remove 50 % of the barriers that hamper border-regions' development, particularly around cross-border healthcare, preventing a repeat of the so-called 'covidfencing' that so greatly undermined the four EU freedoms during the height of the pandemic;

68. calls for a 'European framework for cross-border workers' that would lead to more efficacy in cross-border labour markets across Europe;

69. agrees with the Commission's commissioned research whereby border regions would gain 2 % in GDP if just 20 % of the present border-related obstacles were removed ⁽¹⁴⁾;

Mountain regions

70. believes that mountain areas (29 % of the EU's surface area and 13 % of its population) face permanent and structural handicaps, such as hypersensitivity to climate change, the impact of slopes, remoteness and accessibility issues, lack of digitalisation (25 % of rural areas still do not have internet access), outmigration (particularly of young people) and sparseness of population, and loss of businesses;

71. considers that mountain regions need a place-based approach within the Long-Term Vision for Rural Areas, taking into account their specific features and needs;

72. suggests to reconsider the non-controversial principles of ECBM and start designing a tool for the systematic removal of cross-border obstacles as it is necessary for increasing the quality of life in border regions;

73. believes that Cohesion Policy, particularly the Interreg programmes, represents a huge opportunity for mountain regions to meet their challenges as well as to improve innovation, climate action, tourism, youth, employment and mobility in mountain regions;

74. reminds of its recommendations concerning further development of cross-border public services in Europe ⁽¹⁵⁾, such as an EU legal framework, better coordination of EU directives' implementation, creation of national contact points and better promotion of Cross-border Public Services;

75. is concerned, however, that insufficient attention is being paid in terms of EU-funded investments and in the provision of public goods to mountain ranges within the Member States, particularly if they cut across regional boundaries;

76. while reiterating that macro-regional strategies help meet common challenges for specific areas, improve the complementarity of various political strategies and make a significant contribution to achieving territorial cohesion between countries and regions, notes that there is scope to more effectively embed them in EU policies and to have a more consistent approach between the different national and regional policies;

77. reminds that the Alpine strategy remains the newest macro-regional strategy, but new strategies for mountainous regions may follow, in particular the one for the Carpathians. The Alpine strategy, building on a dense institutional framework and encompassing a number of initiatives, could be used as a model example for developing new strategies for mountainous regions;

⁽¹³⁾ <https://cor.europa.eu/en/our-work/Pages/OpinionTimeline.aspx?opId=CDR-1527-2017>

⁽¹⁴⁾ https://ec.europa.eu/regional_policy/sources/reports/KN-08-22-344-EN-N.pdf

⁽¹⁵⁾ <https://cor.europa.eu/en/our-work/Pages/OpinionTimeline.aspx?opId=CDR-2615-2020>

78. points out that research funded by the Commission shows that there is still a gap between cohesion policy programming and its implementation, which does not take sufficient account of the specific characteristics of mountain areas;

79. considers that, in the new programming period, policy objective 5 'Europe closer to citizens' is particularly adapted to sub-regional strategies addressing specific territorial needs, such as those of mountain areas. However, as for the rest of the territories covered by Article 174 TFEU, the absence of a European budget allocation for PO5, even by way of an indication, disproportionately penalises mountain areas. Nevertheless, mountain areas should not be excluded from PO1 and PO2, for which at least 60 % of cohesion policy funds have been earmarked, but as things stand this remains entirely a question of the political willingness of central and regional governments;

80. notes that managing authorities have the possibility to support sub-regional levels with geographical specificities, such as mountain ranges, either through 'interregional sections' in operational programmes, or through specific calls for these areas under wider operational programmes or at least by awarding additional points for projects in mountain areas.

Brussels, 1 December 2022.

*The President
of the European Committee of the Regions*

Vasco ALVES CORDEIRO

Opinion of the European Committee of the Regions on small urban areas as key actors to manage a just transition

(2023/C 79/08)

Rapporteur: Kieran McCARTHY (EI/EA), Member of Cork City Council

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

1. asserts that creating smart, sustainable and inclusive growth across Europe requires action at all levels in rural, peri-urban and urban areas. Small urban areas are home to 43 % of the EU population, and around 66 % of Europe's urban dwellers reside in areas with fewer than 500 000 inhabitants. There are about 14 000 small urban areas with a population of between 5 000 and 50 000 in the EU;
2. stresses that European small urban areas are, by default, heterogeneous; depending on their location, territorial context and economic and labour market structure, they have completely different characteristics (and challenges) ⁽¹⁾; however, it is often found that smaller municipalities are more likely to experience the challenges faced by rural areas, due to their lower population density;
3. denotes that the green and digital transitions, the recovery from the pandemic and the integration of migrants, particularly as a result of the war in Ukraine, bring extra challenges to small urban areas, in addition to the general development challenges of cities of all sizes (such as affordable housing, sustainable mobility, provision of services, demographic change, brain drain, urban health, social segregation, environmental footprint, climate action, etc.);
4. Suggests that the real key for smart, sustainable and inclusive growth across Europe is to promote private employment in rural areas (in agricultural sectors or in other sectors). Insists on the fact that the absence of public services in rural areas (such as education, health, connectivity or mobility) leads to rural exodus. Therefore, underlines that such services in rural areas have to be provided as a basic need, as all other sectoral policies will prove to be ineffective without them;
5. recalls that the New Leipzig Charter states that urban municipalities must be able to fulfil their tasks in promoting the common good, and that financial leeway, multifunctional task profiles, political legitimacy, local public welfare and territorial viability are essential in order for them to perform their public service functions; one of its main objectives is the overall reduction of the emission of greenhouse gases and cities must contribute to their relevant national and EU targets, by the most appropriate means;

⁽¹⁾ A detailed definition of small and medium-sized urban areas is based on a combination the ESPON TOWN project (2014) findings and the OECD-EC degree of urbanisation classification (which is based on population density with the size of an urban agglomeration). Small and medium-sized areas are defined as continuous urban clusters with a population of between 5 000 to 50 000 inhabitants and a density above 300 inhabitants/km² that are not considered high density urban clusters (HDUC) according to the degree of urbanisation for local administrative units (DEGURBA) (ESPON, 2014).

6. takes note of the proposed definition of ‘small urban area’⁽²⁾, using harmonised methods and indicators to delineate them, the aim of which is to enable international comparability, in line with previous calls by several European and global agendas (the New Urban Agenda UN/HABITAT, the 2030 SDG, the Leipzig Charter, the 2030 Territorial Agenda, etc.); if this definition is used for distribution of funding, there is a risk that small municipalities with fewer than 5 000 residents could be negatively affected;

Challenges of shrinkage

7. highlights that in 2040, forecasts suggest that 51 % of the EU population are expected to live in shrinking regions compared to 34 % in 2020, and rapid reductions in population are more likely in rural than in urban regions (11 % against 1 %);

8. highlights the fact that many small urban areas face a risk of demographic shrinkage and of becoming places left behind, losing out on Europe’s green and digital transitions;

9. notes with regret that, when introducing a definition of ‘urban areas’ under the ‘TERCET’ Regulation, the Commission did not consider it necessary to carry out an impact assessment, even though the introduction had a far-reaching impact on the distribution of funding;

10. recalls that the 8th Cohesion Report shows that population decline directly affects the provision of public services; small and medium-sized towns and municipalities in rural areas and the businesses based there face major challenges;

11. calls therefore on the Commission to undertake an impact assessment before introducing further definitions, in particular with regard to the objectives set out in Article 174 TFEU and the distribution of funding;

12. underlines that the allocation of European Structural and Investment Funds should be granted with criteria going beyond population figures or GDP and that existing challenges on the ground should be taken into account. No blanket distinction between urban and rural areas based solely on a statistical classification should be made;

13. emphasises that shrinking places such as small urban areas are exaggerated by a myriad of issues including but not limited to ageing populations, weak local governance and capacity building, self-sufficiency stagnation, diminishing individual well-being and quality of life indicators, regional, domestic intra-EU and global migration, smart shrinkage and lack of investment in digital ecosystems, brain drain, land abandonment, increasing social inequalities, decreasing quality of life, transitions in industry and insecure economic growth, and increasing urbanisation in larger regional centres;

14. denotes that rural residents often have to travel further than their urban counterparts to reach many public and private services, and need to rely on cars or buses to reach those services. Regional centres offer more services to people living in the surrounding areas; mobility policy needs to operate at the broader territorial level, and joined-up thinking is needed across urban, rural and peri-urban areas. The smaller the settlement, the bigger the impact of being/having a regional centre;

15. underlines that towns and villages are central to the local economy as they provide important administrative, social, community and recreational functions. They support clusters of local services, have a significant share of homes and jobs, and act as transport hubs⁽³⁾;

⁽²⁾ As endorsed by the UN Statistical Commission on 5 March 2020: ‘A recommendation on the method to delineate cities, urban and rural areas for international statistical comparisons’ prepared by the European Commission — Eurostat and DG for Regional and Urban Policy — ILO, FAO, OECD, UN-Habitat, World Bank.

⁽³⁾ OECD report on Access and Cost of Education and Health Services: Preparing regions for demographic change.

16. re-affirms that many peripheral regions, including small urban areas, are currently competitively disadvantaged due to a lack of digital connections, which makes it more difficult to exploit development potential, secure or create new jobs, or reduce migration;

17. asserts that in the context of market shaping, attention should be paid to the ways in which public sector bodies might look to support or subsidise services which would otherwise not be commercially viable but are essential for small urban areas ⁽⁴⁾;

18. considers that often small urban areas do not have sufficient capacity or knowledge to address the challenges. There are often limited financial and administrative capacities, collaboration issues and limited decision-making power, leadership, adaptation and resilience capacities which can be acute challenges, and strategic forward thinking and innovative solutions are crucial;

19. is concerned by the geography of political discontent; the urban-rural divide and misalignment of urban and rural policy can contribute to political polarisation;

Constructing a just transition

Building green capacity

20. underlines that small urban areas are drivers of the green, digital and just transitions that Europe needs for its recovery. The push for climate-friendly functional areas is largely linked to the capacity of urban authorities to adapt to the ever-changing economic conditions and to rebuild trust;

21. sees therefore a need for a targeted approach that gives local people a positive vision for the future. The European Commission's long-term vision for rural areas by 2040 could be valuable here, and the Rural Pact should also take full account of small towns in rural areas;

22. notes that a lack of awareness raising, as well as a lack of strong social support to counterbalance the consequences of the green transition, can challenge the changes taking place. Although the green transition is coupled with the just transition, both must operate in balance and be coordinated;

23. acknowledges that urban areas, including small places, will substantially contribute to climate change mitigation by investing resources towards green transition actions, urban renewal, renovation wave and circular economy efforts, mobility, energy-efficient buildings, improved waste management, and mobilising citizens and raising awareness for environmentally friendly actions;

24. however, notes that for the green transition to be successful in small urban areas, upskilling, reskilling and technical expertise is required, as well as knowledge of climate change adaptation approaches; local authorities in small urban areas need to have highly qualified staff beyond traditional local administration; exchanges of best practices between small urban areas can help in the transition process;

25. believes that national and EU programmes support the development of skills in small urban areas. These also require a sufficient number of skilled and educated human resources for the new transition processes. They can benefit from knowledge sharing from EU funding programmes such as Urban Innovative Actions (UIA), EU Urban Agenda partnerships, Interreg, URBACT and TAIEX, as we know these are not evenly distributed among small urban places in Europe;

26. advocates that Member States push for a substantial change in energy supply infrastructures and building standards to enable renewable energy production in small and medium-sized cities, as they will substantially contribute to climate change mitigation;

⁽⁴⁾ See Horizon 2020 ROBUST project, www.rural-urban.eu

27. advocates that it is crucial to empower regions and cities to strengthen their capacity to build resilient communities in order to limit the EU's dependency on fossil fuels. Decentralised energy production, energy efficiency and saving plans on a local and regional level will ensure the achievement of the REPowerEU plan;

28. reiterates that when deploying and promoting publicly accessible recharging stations dedicated to light-duty vehicles, Member States must also take into account the objectives of Article 174 TFEU and ensure availability in less densely populated areas;

Building just transition mechanisms

29. asks that the implementation of the Just Transition Fund (JTF) should target support to small urban areas within the already pre-defined regions, to support the municipalities most affected by the transition towards climate neutrality;

30. calls for the JTF to support small and medium-sized enterprises in order to develop their businesses and build attractive and vibrant places;

31. calls for support for social inclusion projects and actions for vulnerable groups or citizens in need, as their needs in small urban areas can be greater and less connected;

Building the digital transition

32. re-emphasises that policies designed for cities (such as the Leipzig charter) should reflect on the digital transition, as digitalisation is a major and cross-sectoral element that influences the sustainable development of cities with regard to urban mobility, energy efficiency, remote working and sustainable housing, as well as retail and public services;

33. recalls that a significant urban-rural digital divide exists in all EU Member States, in large part due to the lower revenue expectations for broadband providers associated with the roll-out of digital infrastructure in less built-up areas. However, the recent increase in teleworking and ICT-based mobile work could represent one of the keys to the future development of rural areas; underlines in this respect high-speed connectivity for everyone in the European Union, including rural and remote areas, is a prerequisite for citizens to be able to use digital services;

34. recommends that Member States invest in smart village projects, implementing digital solutions to optimise connectivity, daily life and services in small urban areas, within the national recovery and resilience plans, as well as the European Structural and Investment Funds (ESIF);

35. underlines the need to strengthen the urban-rural linkages which is necessary for harmonious development of all types of urban areas and can serve as a catalyst for more coherent territorial development;

36. calls for exploring possibilities to synchronise public services at municipal level, to support e-governance for less public administration and to digitalise services to make them more user-friendly for citizens;

Building housing capacity

37. reminds that currently there are significant inequalities as regards availability and access to adequate housing in cities and in small urban areas, particularly for young people, families with children (including single parents), migrants and people with disabilities;

38. requests that Member States promote fiscal incentives linked to empty housing units in order to support access to affordable housing and to attract citizens to settle and establish their lives in shrinking small places;

New European Bauhaus (NEB)

39. recognises the efforts made by the European Commission to put a particular emphasis on small urban areas and medium-sized cities within the call for New European Bauhaus Local Initiatives proposals, and recalls the proposal to launch a NEB Lab voucher scheme within the future call for proposals under the European Urban Initiative;

Long-term vision for rural areas

40. recalls that the EU can achieve more balanced territorial development by supporting and facilitating increased collaboration between urban and rural areas, going beyond past differences that divided rather than connected urban and rural areas;

41. emphasises developing the Rural Agenda following the Urban Agenda for the EU model based on the principles: 'better funding, better regulation and better knowledge', and delivering it through thematic multilevel and cross-sectorial partnerships;

42. points out that there is a clear need for better coordination between policy areas relating to rural, peri-urban and urban places; a better coordinated approach should actively seek out the 'synergies' and added value to be gained from cooperation and coordination between rural and urban actors, as this is a critical factor in successfully supporting place-based innovation and experimentation;

43. suggests that the European Commission integrate the dimension of small urban areas into the rural proofing exercises, and reiterates the CoR's offer to cooperate on this topic. A screening for territorial and rural impacts should become a mandatory element of the policy-making process;

44. recommends further considering possibilities for cooperation within existing EU territorial strategies such as the 2030 Territorial Agenda, the New Leipzig Charter and the implementation of a new generation of partnerships within the Urban Agenda for the EU, which create a rural urban agenda focus;

45. seeks the promotion of strategic rural-urban partnerships; small urban areas can better promote partnerships and achieve common objectives in traditional and innovative sectors by pooling resources, developing strategies, and reaching agreements at the metropolitan scale;

Funding and recovery

46. recalls that local fiscal autonomy and financial capacities are key factors for ensuring effective public investments and for shaping regional development policies. They increase the possibility for urban areas to steer their own development. Centrally imposed constraints can risk making local self-administration pointless;

47. stresses that municipality size often influences financial capacity. Smaller places often risk not being able to mobilise sufficient finances for the tasks they wish to undertake;

48. emphasises that cohesion policy should be seen as a key investment tool on the ground, which promotes the leverage effect of public and private funds;

49. calls on the Member States to ensure that small urban authorities are also able to access the 8 % of ERDF funds at national level dedicated to financing sustainable and integrated urban development projects, avoiding additional thresholds of population;

50. advocates the use of integrated territorial tools at local administrative unit (LAU) level such as those financed by cohesion policy and other EU funds in order to concentrate investments and adapt them to realities;

51. reiterates its disappointment about the lack of local and regional-level involvement in the design of national recovery and resilience plans (NRRP) which creates a rebound effect during the implementation phase; underlines in this respect its disagreement with the European Commission's proposal to transfer from European Structural and Investment Funds to the Recovery and Resilience Facility to finance REPowerEU; objects any attempt to take resources from regions and provide them unconditionally to the national level as this goes against the EU's principles and the agreements on shared management;

52. suggests the use of the NRRPs to collect data which could be used to implement public policies and the lower level of governance;

Building territorial capacity

53. calls on Member States to integrate the new definition on the territories (which suffer population decline and demographic change) in the ERDF Regulation (EU) 2021/1058 of the European Parliament and of the Council ⁽⁵⁾ as a cross-cutting issue of public policies, which requires integrated and place-based actions;

54. suggests that the European Commission promote ITI and CLLD through a number of Peer-2-Peer activities of the European Urban Initiative, as suitable tools to support small and medium size urban authorities to face territorial challenges such as depopulation;

55. urges the European Commission to put forward a communication campaign to promote the EU's impact in the lives of people living in small places (urban and rural) in order to counterbalance the geography of discontent with the EU;

56. calls for minimum complexity for small urban areas in getting access to and administering projects of different European funds, and to promote an integrative approach to linking different EU funds; in this regard, shared management programmes should be truly decentralized with the role of managing authorities enhanced at regional level, to ensure that they can support a bottom-up approach for funding from small towns and rural areas.

57. asks the European Commission to support all public administrations in small urban areas to find insights on how to tackle green, digital or demographic transition challenges, and direct support from the European Commission to the existing supra-local structures in Member States should be strengthened (such as — départements, Landkreise, powiats, județe etc.) so that they can develop their own capacities to advise small municipalities, in line with the subsidiarity principle; indeed, all local authorities should have their own EU affairs/funding officers to support this work.

58. requests that the European Commission and the Members States make provisions for technical support to be used for municipalities throughout a project life cycle;

59. asks the European Commission to consider the possibility under the new European Urban Initiative (EUI) to offer on-the-spot coaching to small urban areas, and suggests that the future EUI national contact points act as intermediators for supporting small urban areas;

60. highlights that, for small urban areas, participating in strategic decision-making can be challenging due to their limited administrative resources and the difficulty to navigate within complex multi-level governance processes such as EU funding;

61. observes that collaboration is essential for small urban areas. This includes cooperation with neighbouring areas to address interconnected issues, or joining forces to create 'territorial critical mass';

62. emphasises that for major societal transitions, such as the green and digital transition, smaller urban areas are often reliant on support of their citizens and enterprises as they lack the means to run and finance such social innovation processes;

63. recalls that committed local communities not only strengthen local identities, social innovation and cohesion, they also stimulate collaboration in times of economic decline or transition;

⁽⁵⁾ Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund (OJ L 231, 30.6.2021, p. 60).

Conclusions

64. concludes that small urban areas need a clear, accepted and recognised definition. They need the administrative capacity to shape their multidimensional transitions and develop long-term perspectives. They also need knowledge, policy coordination and empowerment to mobilise people, resources and EU funding programmes.

Brussels, 1 December 2022.

*The President
of the European Committee of the Regions*
Vasco ALVES CORDEIRO

Opinion of the European Committee of the Regions on a New Innovation Agenda for Europe

(2023/C 79/09)

Rapporteur:	Markku MARKKULA (FI/EPP), President of the Helsinki Region
Reference document:	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions A New European Innovation Agenda COM(2022) 332 final

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

Why is it crucial? The Innovation Agenda can be instrumental in accelerating the transformation

1. welcomes the New European Innovation Agenda to boost innovative thinking and stimulate action for innovation with the aim of Europe leading the way in science, the industrial base, vibrant start-up ecosystems, conditions for innovation, and the talent base. The CoR stresses that the EU's ambitious innovation policy targets can be reached by avoiding fragmentation and by orchestrating influential measures through effective collaboration between industry, academia, social initiatives and regional and local administrations, at local, regional and trans-regional level, addressing societal challenges brought about by climate change, the need for increased resilience to health threats and digital transformation, to name a few;
2. considers, however, that this communication should have proposed new fields and a more in-depth approach to innovation in European policies. In the context of multiple challenges (globalisation, environment, health, population ageing, depopulation of large rural areas, and peace/war), the Commission should draw on the lessons of these crises, think out of the box and inter alia, open a debate on the type of innovation a resilient European society would call for. The need to increase the focus on societal and social innovations is particularly significant, both those directly relating to the challenges mentioned, as well as others, such as employment, especially youth employment;
3. proposes that the European Commission adds to the New European Innovation Agenda without delay complementary measures focusing on societal, social and energy issues and integrates these measures to accelerate societal transformations towards sustainable growth;
4. points out that policy measures must include clear targets for closing two innovation divides: in several innovation policy areas, Europe lags far behind the global leaders — the US and Asia — and within the EU, in many regions the crucial importance of innovativeness is not taken thoroughly enough, the best-performing regions are up to nine times more innovative than the lowest-performing ones. The CoR reminds that all regions do not have the same technical, human and financial resources to improve their results in the area of innovation;
5. stresses that implementing the New Innovation Agenda requires more radical measures than the EU typically adopts in its Europe-wide policy initiatives, and that the innovation processes need to be more systemic and more risk-taking. The target needs to be clear, realistic, challenging and measurable to double the impact and halve the throughput time;
6. highlights that the Innovation Agenda needs to be a critical signal for the whole EU to take impactful concrete actions — both immediate and long-term — to address the innovation divides and promote local and regional place-based innovation ecosystems;

7. agrees with the European Commission that the new wave of innovation — deep-tech innovation — is rooted in cutting-edge science, technology and engineering, often combining advances in the physical, biological and digital spheres and having the potential to deliver transformative solutions to meet global challenges. The CoR emphasises that the purpose of this new wave must be to accelerate multidisciplinary co-creation processes that will increase societal ⁽¹⁾ and social ⁽²⁾ innovations in order to improve the welfare and wellbeing of individuals and communities, and that these actions will take the human aspects firmly into account, for Europe to get more out of the universal entrepreneurial leadership mindset development;

8. welcomes the recognition of the Partnerships for Regional Innovation (PRI) pilot action and, more specifically, the acknowledgement of the role of the PRI in promoting connected regional deep tech innovation valleys, linked across regions, and interregional innovation investments;

9. regrets that the European Commission has missed the opportunity to highlight the need for a strong link between local innovation ecosystems and the European Research Area via the Area's hubs ⁽³⁾;

10. calls on the European Commission and the EU Member States to step up the creation of ERA hubs as part of the ERA Action plan, to ensure that RDI partnerships and actions are upgraded as priority areas on the agendas of local and regional political leaders;

Why are EU innovations and leadership in deep tech more critical now than ever?

11. highlights Europe's potential to become a global innovation leader in the following areas: renewables, low-carbon hydrogen, batteries, digital technologies, drones and artificial intelligence (AI), high-performance computing, semiconductor production and design, Industry Commons, health and food, innovation procurement, and industry-university collaboration via EU programmes. The CoR also points out that EU companies are global leaders in high-value green patents and green patents in energy-intensive industries. Furthermore, one-fifth of all top-quality global science publications are produced in the EU. However, to become a global business and RDI leader requires the full implementation of many ambitious policy instruments;

12. stresses that success can only be achieved through connected local/regional action. The CoR emphasises the fact that Europe still lags behind the US and China in funding the whole innovation process. Private investment is growing faster than elsewhere, but European venture capitalists are still relatively risk-averse when it comes to making significant investments compared to those in the US and China;

13. calls for lessons to be learnt from the previous twelve EU innovation agendas over the past decades, which have not sufficiently changed the pattern of innovation in:

- moving to purpose-oriented creativity and innovation culture;
- moving from relatively closed clusters to genuine open innovation ecosystems;
- developing the entrepreneurial leadership mindset;
- promoting specific programmes starting in school, focusing in particular on women and girls;
- remaining focused on start-ups at the cost of scaling up and growth companies;

⁽¹⁾ PRI Playbook need for societal transformations and use of societal innovation as one of the instruments.

⁽²⁾ OECD definition of social innovation (<https://www.oecd.org/regional/leed/social-innovation.htm>).

⁽³⁾ It should be remembered that in November 2021, the European Council drew up 20 priority actions, one of which ('Build up regional and national R&I ecosystems to improve regional/national excellence and competitiveness') outlined the need to define and pilot ERA Hubs to enable the emergence of competitive R&I ecosystems across the EU, to close territorial gaps and to ensure the easier flow of talents and investments.

- increasing knowledge management, orchestration and synergies between projects;
- collaborating with local/regional innovation, place-based and thematic ecosystems;
- benchmarking and bench-learning good practices and systemic transformation concepts at a global level;
- sharing synergies and knowledge between EU programmes and other initiatives to close the innovation divides;
- creating European partnerships and multi-level governance and systemic transformation;

14. encourages cities and regions to take a mission-driven approach to address critical societal challenges and to establish their missions, such as Green Deal Going Local and Digitalisation roadmaps and action plans. These should take into account Regional Smart Specialisation Strategies and utilise EU, national, regional, and local funding instruments, both public and private. Increasing synergies between the ERDF, the Digital Europe programme and Horizon programme is a must, especially to strengthen cooperation between SMEs, universities, technology centres and research and innovation organisations. Boosting the network of European Digital Innovation Hubs (EDIHs) assists in orchestrating regional innovation ecosystems and establishing European corridors and networks for global leadership;

15. refers to successful initiatives and best practices by cities and regions, including EU campaigns with the CoR, such as Citizen Dialogues, Innovation Camps, European Entrepreneurial Regions and Science Meets Regions, which have demonstrated how local embedding helps to initiate a challenge-focused dialogue with diverse actors' local networks to overcome institutional and mindset barriers in tackling societal challenges;

16. recalls that deep tech is targeted at societal progress, and the notion of social acceptability and utility needs to be taken into account. This requires increasing public and private RDI investments, leading to technology neutrality and avoiding one specific technology dependency. The CoR emphasises that societal innovation involves problem-solving capacities and entrepreneurial aspects in tackling disruption to create value and avoid setbacks and negative costs to society. Therefore, the implementation of the Innovation Agenda needs to pay stronger attention to all the RDI stakeholders, including citizens and, more broadly, the science-society relationship and the required co-construction processes;

17. points out that global knowledge networks and collaborative learning are essential, and therefore local actors participating in international networks, such as globally connected scientists, companies, and NGOs, can and should bring the relevant knowledge and potential solutions from outside to the local context;

18. stresses that Smart Specialisation Strategies play a central role in strengthening regional innovation ecosystems to stimulate sustainable economic growth better and solving societal challenges in a bottom-up, collaborative and context-dependent way, with the best-researched solutions. The CoR welcomes the efforts such as the Vanguard Initiative network to build European industrial value chains based on complementarities in Smart Specialisation Strategies;

19. argues that the governance of innovation should benefit from diversity in leadership and management patterns for developing behavioural and managerial practices to support the transition to an entrepreneurial mindset and a learning society — that operates for all generations and across all borders — that is effective in codesign, collaboration, knowledge-sharing, and evidence-based decision-making;

20. considers that when technological solutions to a societal challenge are widely supported and well-proven, as in twinning green and digital, the EU level has a vital role to play in creating conditions for scaling-up, sharing, and standard-setting with a focus on purpose and impact, while avoiding regulation that would lead to technology lock-ins. This support can be developed through enhanced citizen engagement using diverse communication instruments;

21. reminds us that there is increasing demand to co-create dedicated innovation policies within regions and industrial sectors — and that this requires faster progress in deep-tech, green and digital twinning and SDGs;

The nature of innovation: place-based, structural, transformational, with a focus on impact

22. reaffirms that European innovation policy, in conjunction with European research policy, needs to ensure the availability of high-quality science to boost innovation and help society and businesses meet and deal with the crises and challenges facing all EU cities and regions today. The CoR highlights the continued important role of European regional financing through the ERDF and the Just Transition Fund. The CoR urges the Member State Governments and LRAs to take into account the European Commission statement ⁽⁴⁾ that the regulatory framework for 2021-2027 governing cohesion policy funds under shared management and funds under direct management funds allows for strengthened synergies between ERDF and Horizon Europe;

23. notes that the joint European Commission/CoR action plan in the area of research, innovation, education, and related policies to increase European-wide knowledge flows and collaborative learning in policy-making offers opportunities to empower researchers, entrepreneurs, and civil society to consolidate their regional research and innovation ecosystems and become an integral part of a pan-European network of excellence;

24. points out that EU funding from the Recovery and Resilience Facility (intended above all for the post-COVID-19 recovery and economic renewal) and the Just Transition Fund (intended above all to support coal regions and the other territories most affected by the transition towards climate neutrality) cannot yet deliver its full impact in fostering innovation, above all because the processes involved in putting the funds to use are very slow and subject to strict EU state aid rules;

25. stresses the role of local and regional authorities and the CoR, allowing citizens and their democratically elected representatives to influence the direction and purpose of innovation, and to develop solutions as user-innovators. In this regard, it is important to enable and sustain in all forms the local and regional authorities and ensure that LRAs are well prepared in order to be able to support innovation at local levels;

26. underlines the need to better link the Innovation Agenda and the Better Regulation Agenda by using the recent findings of the CoR RegHub network on public procurement ⁽⁵⁾ and removing obstacles to public investment ⁽⁶⁾, and by engaging local and regional development in finding innovative regulatory solutions that promote innovation. Here the Industry and Societal Commons approach is essential in integrating both agendas;

27. regarding EU research policy, the ERA policy agenda, and the ERA Forum, calls for decision-making to be more open, having the citizens as active contributors and actors fully taking on board the contribution of the CoR and regionally connected stakeholders. This means focusing more on the public value of science and innovation when selecting the challenges to be addressed by the EU while at the same time building the public support required for further development and implementation;

Specific points on the five flagship areas

Flagship on funding for deep tech scale-ups

28. notes that most European countries have a functioning financial market based on national government-supported venture capital and private equity markets, and that the proposed European Innovation Council (EIC) fund providing public grants and patient equity investment should bring additional value to the market and avoid upsetting the existing one;

⁽⁴⁾ Brussels, 5.7.2022 C(2022) 4747 final Annex to the Communication to the Commission approval of the content of a draft Commission Notice on the synergies between ERDF programmes and Horizon Europe.

⁽⁵⁾ <https://cor.europa.eu/en/engage/Documents/RegHub/report-consultation-01-public-procurement.pdf>

⁽⁶⁾ <https://cor.europa.eu/en/engage/Documents/RegHub/RegHub%20report%20on%2021%20century%20rules.pdf>

29. emphasises that funding is needed for the initiatives that create favourable conditions for new and innovative technology-based companies to continue operating in their local area using synergies and developing additional complementarities with other local stakeholders, such as research organisations and other companies;

30. considers that more robust links between research and innovation should include effective dissemination of results of projects carried out under the Horizon research programme — with particular focus on their value on improving regional innovation ecosystems and the Knowledge Triangle (research and education and innovation), and on the daily-life of cities, regions, and citizens, in particular on employment and well-being. The CoR stresses the need to effectively disseminate the results of the Horizon research projects on the institutions' open data portals;

31. reaffirms that the EIC and its portfolio are not well-known among industries, start-ups, scale-ups, and SMEs across Europe. Access to its services should be simpler and easier to use;

32. calls for the EIC fund's role to be a catalyser, with a lengthy but limited time horizon, and urges that successful exits will be achieved through initial public offerings;

33. proposes that the focus should be on new businesses and ecosystems requiring very large investments with long time horizons, such as electric car batteries, hydrogen and semiconductors, which tend not to attract direct private funding early enough; transformative investment requires 'patient' public funding rather than private funding, which mainly drives 'market-based' innovation;

34. highlights that 'creative tension' and 'creative destruction' are effective means to invent something remarkably new — co-creating potential breakthrough initiatives. This requires partial use of EU financing to retain, attract and reorganise talents and resources from high-quality market economy initiatives which have tackled similar challenges using experienced long-running business-oriented and/or public-private partnerships;

35. reminds that Europe needs to accelerate the whole innovation process on the ground based on creative idea screening, experimenting, testing, prototyping, bench-learning, and scaling up. The European Commission should show its innovativeness by creating new forms for financing local activities showing born global potential in their initial phase. These EU financing schemes would encourage national and regional feasibility financing, including the active use of cohesion funds;

36. urges the European Commission to take the lead and address the most significant structural problem in the stock market by enabling listed companies to issue new shares and sell these to the market without a burdensome share issuance process;

37. highlights that, while the success of any innovation agenda depends on the continuous capacity to replace old products and services by new ones, its disruptive effects should be addressed through co-design and co-construction to ensure long-lasting acceptance, also involving local and regional players;

Flagship on enabling deep tech innovation through experimentation spaces and public procurement

38. highlights the importance of the Open Discovery Process and refers to a body of research and proven methods to orchestrate and manage multi-level collaboration and experimentation processes in radical systemic transformation. The CoR acknowledges the need to improve professional capabilities and workplaces to become learning environments that deliver actionable ideas, by creating favourable conditions for trust and experimentation in joint projects with approved vision, goals, strategies, and action plans;

39. stresses that in an approach based on multi-level cooperation, solutions to local problems should, in most cases, be developed jointly with all the quadruple helix stakeholders in a connected way in real-world environments. This development will lead to fast learning, scale-up and rapid corrections in the innovation path — while certain parts of

coordination and monitoring take place in the form of trans-regional networks. The aim is to recognise 'what is possible' and extend expectations of what is possible to include making 'the impossible possible', then comparing alternative practices and to evaluate and learn about successful and failed experimentation paths, as well as to encourage the diffusion and uptake of innovation outside of its original context;

40. reiterates that proper monitoring and assessment of innovation is essential for effective policy implementation. The CoR recalls ⁽⁷⁾ the use and further development of the Regional Innovation Scoreboard on regional place-based policies. The CoR reminds that this is an essential tool for comparing changes in the performance of regional innovation policies and organising bench-learning processes between regions, thus improving regional innovation ecosystems and smart specialisation;

41. highlights that large-scale experimentation requires European Partnerships under Horizon Europe, the use of innovative public procurement, and the support of the European Innovation Council (EIC) throughout the whole innovation lifecycle, from the early stages of research to proof of concept, technology transfer, and the financing and scaling-up of experiments, companies, and start-ups to succeed in, as a source of inspiration, important projects of common European interest (IPCEIs) and Hydrogen Valleys;

Flagship on accelerating and strengthening innovation in European Innovation Ecosystems across the EU and addressing the innovation divide

42. proposes that the regional innovation valleys, together with leading higher education institutes (HEIs) should become essential catalysts for societal and industrial change and should enable regions with similar areas of specialisation to collaborate and take forward joint innovation projects. In this context a comprehensive, coordinated and decentralised system for programme monitoring and assessment will be required;

43. notes that to reach the targets that have been set, Horizon Europe (EUR 100 million) and the Interregional Innovation Investments (I3) (EUR 70 million) under the ERDF will only provide enough resources for the initial framework, which needs to be supported by radically more extensive efforts and subsequent financing. The CoR urges the European Commission to develop effective synergies between these funding streams by building on initiatives such as the Partnerships for Regional Innovation (PRI) and the network of European Digital Innovation Hubs (EDIHs);

44. welcomes the European Commission's effective measures in promoting regional dimension in the EU policy and regional innovation ecosystems as the key to strengthening Europe's competitiveness and achieving EU strategic autonomy for smart and sustainable growth. The CoR points out that HEIs are at the heart of regional innovation ecosystems with a strong culture of start-ups and business. All HEIs, especially universities of applied sciences and other similar HEIs operating on the development of real-life practice, need to strengthen their role as active drivers of innovation in the regions, ensure the training of much-needed professionals, attract new talent from the ground, and enable important technological innovations to be transferred to the local economy;

45. points out the important role of vocational education, focusing on the training of technicians and other practice-oriented professionals, in implementing this Innovation Agenda;

46. highlights the fundamental challenge of the European deep tech innovation agenda, which has inadequate incentives, experiences, and resources to engage stakeholders in a systemic transition. We also need incentives for the change in top HEIs from 'publish or perish' to an increased focus on how to address pressing major societal challenges and support deep tech innovation and global technology transfer in collaboration with industry;

47. proposes that HEIs need jointly with the other quadruple helix actors to develop the roles and responsibilities of professional orchestrators of local ecosystems wherein researchers, students and companies experiment together and pilot new technologies in the new entrepreneurial and innovation culture;

⁽⁷⁾ CoR-517-2020.

48. reiterates the importance of targeting and financing the initiatives to close the two innovation divides to facilitate globally excellence-level orchestrated multi-actor partnerships and open access to these also for partners from underperforming countries and regions. These are crucial to create a more robust and cohesive EU innovation ecosystem;

49. reiterates that the ERA hubs connecting decision-makers and RDI actors are an ideal instrument for fully recognising the merits of a place-based approach to science and innovation in co-creating new solutions to tackling the current crises in a regional bottom-up approach;

50. recommends actions through the Enterprise Europe Network in terms of international technology transfer and technological cooperation in RDI;

Flagship on fostering, attracting and retaining deep tech talents

51. urges creating a particular action plan with incentives and adequate financing to encourage HEIs to play an active role in solving major societal challenges, fostering European deep tech innovation, industry collaboration, and integration and to train the talent needed in Europe;

52. highlights the role of HEIs and especially students, as catalysts between the start-up and the scientific mindset and university-industry partnerships in supporting deep tech innovation and tech transfer; HEIs should become the drivers of the structural change needed to accelerate deep tech innovation to create, keep and maintain talent in Europe. In this regard, technology centres could play an important role as mediators and facilitators;

53. proposes that the best HEIs set an example, as in the US, for others in the mindset-change towards a society that values entrepreneurship, start-up and growth companies, university-industry collaboration, deep tech, and tackling societal challenges;

54. reaffirms that the European Institute of Innovation and Technology (EIT), its Knowledge and Innovation Communities (KICs), and their portfolios are not yet well-known among cities, regions, students, citizens, and academia across Europe;

Flagship on improving policy-making tools

55. recommends deepening the understanding of the changing nature of innovation in local and regional policy-making via the Partnerships for Regional Innovation initiative (PRI) and the collaboration between the JRC, DG RTD, DG GROW, DG REGIO and the CoR. This should be done in cooperation with the territories involved in the CoR-JRC PRI pilot action and with experienced European-wide innovation-focused networks such as EARTO, ERRIN, and ENoLL;

56. notes that this flagship includes action points that are very relevant to regions and cities. The CoR agrees with the European Commission's statements on supporting regions in designing and implementing better innovation policies and proposes negotiating a joint implementation plan that takes into account different elements of the Innovation Agenda and this opinion;

57. reminds (all regions) that this New Innovation Agenda is a vital and extensive effort to co-create new instruments to tackle burning societal challenges which require European collaboration, and recommends that the European Commission use PRI and other tools in creating support for cities and regions to prepare their regional innovation agendas and accelerate innovation measures with their stakeholders;

58. agrees with the need to define and use key terminology, indicators, data taxonomy, and comparable data sets to support evidence-assisted policy-making, which will be published on institutional open data portals to facilitate access, use and consultation;

Next steps

59. proposes that the JRC creates a European virtual collaboration arena for sharing, experimenting and testing methods, tools and practices in RDI policies and measures that Member States, regions and municipalities can use in forming and implementing their innovation policies;
60. stresses that the Innovation Agenda process requires regular assessment of progress and adjustments with stakeholders;
61. stresses the crucial importance of increasing the synergy and collaboration between major EU initiatives and showcasing how this happens in real-life practice in implementing the New European Innovation Agenda at the local and regional levels. In this, the EU and the Member State Governments should increase the synergic use of different European and national financing sources targeted especially to strengthen the innovation base of cities and regions;
62. stresses that multiplying European scaleup business development requires political leaders on all levels to commit to financing RDI much more than so far and, with that help, extend new growth platforms and influential place-based open innovation ecosystems throughout Europe. The pioneering phase can be created using the PRI piloting regions and cities;
63. recommends deepening the methodological development for carrying out on all governance levels the systemic transformation processes, which above all focus on transformative innovations needed for meeting global challenges. One of the targets is to increase the use of the best science-based knowledge in these transformation processes. The other target is to co-create the local level practices for European leadership in the existing strengths such as the Greens Deal, the twin transition approach, and the reinforcement of strategic resilience;
64. urges to face global competition for talent and leadership in science, technology, engineering, mathematics and innovation capacity, using as a reference two US initiatives: the new National Science Foundation (NSF) funding initiative, called the Regional Innovation Engines, which is a program that catalyses and fosters innovation ecosystems across the US, and the MIT Regional Entrepreneurship Acceleration Program (REAP), which is a global initiative and helps regions accelerate economic growth and promote social progress through innovation-driven entrepreneurship (IDE);
65. underlines that the Innovation Agenda will be successful only if fragmentation is avoided and the measures are effectively implemented. Europe will become the global leader in science, the industrial base, vibrant start-up ecosystems, conditions for innovation, and the talent base — and this will create favourable conditions for the European Green Deal and the UN SDGs.

Brussels, 1 December 2022.

*The President
of the European Committee of the Regions*
Vasco ALVES CORDEIRO

III

(Preparatory acts)

COMMITTEE OF THE REGIONS

152ND COR PLENARY SESSION, 30.11.2022-1.12.2022

Opinion of the European Committee of the Regions on legal migration: Attracting skills and talent to the EU

(2023/C 79/10)

Rapporteur:	Giuseppe VARACALLI (IT/Renew Europe), Member of Gerace Municipal Council
Reference documents:	<p>Proposal for a Directive of the European Parliament and of the Council concerning the status of third-country nationals who are long-term residents</p> <p>COM(2022) 650</p> <p>Proposal for a Directive of the European Parliament and of the Council on a single application procedure for a single permit for third-country nationals to reside and work in the territory of a Member State and on a common set of rights for third-country workers legally residing in a Member State</p> <p>COM(2022) 655</p> <p>Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Attracting skills and talent to the EU</p> <p>COM(2022) 657</p>

I. RECOMMENDATIONS FOR AMENDMENTS

Proposal for a Directive of the European Parliament and of the Council concerning the status of third-country nationals who are long-term residents

COM(2022) 650

Amendment 1

Recital 8

Text proposed by the European Commission	CoR amendment
<p>To prevent the risk of abusive acquisition of EU long-term resident status, Member States should ensure that the requirement of legal and continuous residence is duly monitored for all categories of third-country nationals. This risk is particularly relevant for those third-country nationals who hold a residence permit granted on the basis of any kind of investment in a Member State, as the issue of these residence permits is not always subject to the requirement of continuous physical presence in the Member State or is merely subject to the requirement of the investors' presence in the Member State for a limited time. To prevent this risk, Member States should strengthen checks on the requirement of legal and continuous residence with particular regard to applications for EU long-term resident status submitted by third-country nationals who reside in a Member State in exchange of any kind of investment, such as capital transfers, purchase or renting of property, investment in government bonds, investment in corporate entities, donation or endowment of an activity contributing to the public good and contributions to the state budget.</p>	<p>To prevent the risk of abusive acquisition of EU long-term resident status, Member States should ensure that the requirement of legal and continuous residence is duly monitored for all categories of third-country nationals. This risk is particularly relevant for those third-country nationals who hold a residence permit granted on the basis of any kind of investment in a Member State, as the issue of these residence permits is not always subject to the requirement of continuous physical presence in the Member State or is merely subject to the requirement of the investors' presence in the Member State for a limited time. To prevent this risk, Member States, <i>in close cooperation with the competent local or regional authorities</i>, should strengthen checks on the requirement of legal and continuous residence with particular regard to applications for EU long-term resident status submitted by third-country nationals who reside in a Member State in exchange of any kind of investment, such as capital transfers, purchase or renting of property, investment in government bonds, investment in corporate entities, donation or endowment of an activity contributing to the public good and contributions to the state budget.</p>

Reason

Due to the requirement of legal and continuous residence being a component that has to be checked and monitored by local and regional authorities (e.g. by place of residence registration), any change of procedure or 'strengthening' of checks should be developed in cooperation with these authorities. This will prevent disproportionate administrative burdens and provide 'on the ground' experience.

Amendment 2

Recital 20

Text proposed by the European Commission	CoR amendment
Professional qualifications acquired by a third-country national in another Member State should be recognised in the same way as those of Union citizens. Qualifications acquired in a third country should be taken into account in accordance with Directive 2005/36/EC of the European Parliament and of the Council (*). This Directive should be without prejudice to the conditions set out under national law for the exercise of regulated professions.	Professional qualifications acquired by a third-country national in another Member State should be recognised in the same way as those of Union citizens. Qualifications acquired in a third country should be taken into account in accordance with Directive 2005/36/EC of the European Parliament and of the Council (*), while special provisions could allow for a flexible consideration in the case of refugees, who may not be in a position to provide relevant documentary evidence and proof of qualifications. This Directive should be without prejudice to the conditions set out under national law for the exercise of regulated professions. The Member States should remain subject to the obligation to afford access for migrant minors to the educational system, regardless of their legal status, under conditions similar to those laid down for their nationals, while paying special attention to migrant girls, who are more likely to be left behind in the education system.

Reason

In line with Directive 2013/33/EU of the European Parliament and of the Council of 26 June 2013 laying down standards for the reception of applicants for international protection (OJ L 180, 29.6.2013, p. 96), Member States are to grant access to the education system to minor children of applicants and applicants who are minors, under similar conditions to those that apply to their own nationals. Therefore, this paragraph should be retained, in line with the concept that has been reiterated on several occasions whereby ensuring proper integration hinges primarily on rights, and if the migrants are to enjoy the same rights as Member State citizens, those rights must necessarily include the right to education. It is important to remember the obstacles faced by girls especially in situations of precariousness and isolation that can result from traumatic migration experiences.

Amendment 3

Recital 28

Text proposed by the European Commission	CoR amendment
Harmonisation of the terms of acquisition of the EU long-term resident status promotes mutual confidence between Member States. However, this Directive should be without prejudice to the right of Member States to issue residence permits of permanent or unlimited validity other than the EU long-term residence permit. Such national residence permits should not confer the right to reside in other Member States.	Harmonisation of the terms of acquisition of the EU long-term resident status promotes mutual confidence between Member States. However, this Directive should be without prejudice to the right of Member States to issue residence permits of permanent or unlimited validity other than the EU long-term residence permit. Such national residence permits should not confer the right to reside in other Member States. A third-country national may hold both the EU long-term resident status and a national or other EU permanent residence permit.

Reason

It needs to be clarified that a third-country national who already holds EU long-term residence status is entitled to a national settlement permit, since this would bring him/her additional rights. Neither the current Council Directive 2003/109/EC of 25 November 2003 concerning the status of third-country nationals who are long-term residents (OJ L 16, 23.1.2004, p. 44) nor the recast provide that an applicant for the EU status should give up his or her national permanent residence permit. Furthermore, under Union law, third country nationals may have two different residence statuses.

Amendment 4

Article 4(2)

Text proposed by the European Commission	CoR amendment
Member States shall establish appropriate control mechanisms to ensure that the requirement of legal and continuous residence is duly monitored, with particular regard to applications submitted by third-country nationals holding and/or having held a residence permit granted on the basis of any kind of investment in a Member State.	Member States, <i>in close cooperation with the competent local and regional authorities</i> , shall establish appropriate control mechanisms to ensure that the requirement of legal and continuous residence is duly monitored, with particular regard to applications submitted by third-country nationals holding and/or having held a residence permit granted on the basis of any kind of investment in a Member State.

Reason

Due to the requirement of legal and continuous residence being a component that has to be checked and monitored by local and regional authorities (e.g. by place of residence registration), any change of procedure or 'strengthening' of checks should be developed in cooperation with these authorities. This will prevent disproportionate administrative burdens and provide 'on the ground' experience.

Amendment 5

Article 4(5)

Text proposed by the European Commission	CoR amendment
Any period of residence spent as a holder of a long-stay visa or residence permit issued under Union or national law, including the cases covered in Article 3(2), points (a), (b), (c) and (e), shall be taken into account for the purposes of calculating the period referred to in paragraph 1, where the third-country national concerned has acquired a title of residence which will enable him/her to be granted EU long-term resident status.	Any period of residence spent as a holder of a long-stay visa or residence permit issued under Union or national law, including the cases covered in Article 3(2), points (a), (b), (c), <i>(d)</i> and (e), shall be taken into account for the purposes of calculating the period referred to in paragraph 1, where the third-country national concerned has acquired a title of residence which will enable him/her to be granted EU long-term resident status.
<i>Regarding persons to whom international protection has been granted, at least half of the period between the date of the lodging of the application for international protection on the basis of which that international protection was granted and the date of the grant of the residence permit referred to in Article 24 of Directive 2011/95/EU, or the whole of that period if it exceeds 18 months, shall be taken into account in the calculation of the period referred to in paragraph 1.</i>	

Reason

By excluding cases under Article 3(2)(d), the proposed provision, as it stands, provides an inconsistent regime for asylum seekers. To provide for a consistent treatment of asylum-seekers, the second paragraph shall be deleted.

Amendment 6

Article 5(3)

Text proposed by the European Commission	CoR amendment
Member States may require third-country nationals to comply with integration conditions, in accordance with national law.	Member States may require third-country nationals to comply with integration conditions, in accordance with national law. <i>For this purpose, a multi-actor governance of migration should be strengthened. The local and/or regional authorities, local and regional networks, trade associations and accredited private entities organising the integration programmes, if any, should receive sufficient operational and financial support from the Member State, tailored to the service provided. These integration programmes should be mainstreamed across education, employment, health, housing and participation policies.</i>

Reason

As it is often the local and regional authorities, as well as not-for-profit associations and trade unions, local and regional networks, that implement the language and citizenship courses — as part of the integration programme — and/or vocational training courses, it is essential that they receive proper support from the state for this purpose. Mainstreaming of integration into relevant policies accelerates the integration process and respects the values for human rights, solidarity and equality, as well as builds up a comprehensive approach to migration that harnesses the benefits of diversity.

Amendment 7

Article 7

Text proposed by the European Commission	CoR amendment
1. To acquire EU long-term resident status, the third-country national concerned shall lodge an application with the competent authorities of the Member State in which he/she resides. The application shall be accompanied by documentary evidence to be determined by national law that he/she meets the conditions set out in Articles 4 and 5 as well as, if required, by a valid travel document or its certified copy.	1. To acquire EU long-term resident status, the third-country national concerned shall lodge an application with the competent authorities of the Member State in which he/she resides. The application shall be accompanied by documentary evidence to be determined by national law that he/she meets the conditions set out in Articles 4 and 5 as well as, if required, by a valid travel document or its certified copy. <i>The competent national authorities shall inform the third-country national about the application process within three months of him having completed the required period of legal and continuous residence within the Member State territory.</i>

Text proposed by the European Commission	CoR amendment
<p>2. The competent national authorities shall give the applicant written notification of the decision as soon as possible and in any event no later than six months from the date on which the complete application was lodged. Any such decision shall be notified to the third-country national concerned in accordance with the notification procedures under the relevant national legislation.</p> <p>Where the documents presented or information provided in support of the application are inadequate or incomplete, the competent authorities shall notify the applicant of the additional documents or information that are required and shall set a reasonable deadline for presenting or providing them. The period referred to in the first subparagraph shall be suspended until the authorities have received the additional documents or information required. If the additional documents or information required have not been provided within that deadline, the application may be rejected.</p> <p>The person concerned shall be informed about his/her rights and obligations under this Directive.</p> <p>Any consequences of no decision being taken by the end of the period provided for in this provision shall be determined by national legislation of the relevant Member State.</p> <p>3. If the conditions provided for by Articles 4 and 5 are met, and the person does not represent a threat within the meaning of Article 6, the Member State concerned shall grant the third-country national concerned EU long-term resident status.</p> <p>4. Where an application for an EU long-term resident permit concerns a third-country national who holds a national residence permit issued by the same Member State in accordance with Article 14, that Member State shall not require the applicant to give evidence of the conditions provided for in Article 5(1) and (2), if the compliance with those conditions was already verified in the context of the application for the national residence permit.</p>	<p>2. The competent national authorities shall give the applicant written notification of the decision as soon as possible and in any event no later than six months from the date on which the complete application was lodged. Any such decision shall be notified to the third-country national concerned in accordance with the notification procedures under the relevant national legislation.</p> <p>Where the documents presented or information provided in support of the application are inadequate or incomplete, the competent authorities shall notify the applicant of the additional documents or information that are required and shall set a reasonable deadline for presenting or providing them. The period referred to in the first subparagraph shall be suspended until the authorities have received the additional documents or information required. If the additional documents or information required have not been provided within that deadline, the application may be rejected.</p> <p>The person concerned shall be informed about his/her rights and obligations under this Directive.</p> <p>Any consequences of no decision being taken by the end of the period provided for in this provision shall be determined by national legislation of the relevant Member State.</p> <p>3. If the conditions provided for by Articles 4 and 5 are met, and the person does not represent a threat within the meaning of Article 6, the Member State concerned shall grant the third-country national concerned EU long-term resident status.</p> <p>4. Where an application for an EU long-term resident permit concerns a third-country national who holds a national residence permit issued by the same Member State in accordance with Article 14, that Member State shall not require the applicant to give evidence of the conditions provided for in Article 5(1) and (2), if the compliance with those conditions was already verified in the context of the application for the national residence permit.</p> <p>5. The decision to reject an application for long-term residence shall take account of the specific circumstances of the case and shall respect the principle of proportionality.</p>

Reason

It is important that the individuals eligible to apply for the long-term residence permit are duly informed by the competent authorities of this possibility, as there is a severe lack of information provided to the applicants for residence, which not only causes confusion, misunderstanding and false hopes to the applicant, but also overburdens and delays the administrative process. A new paragraph 5 should also be added to Article 7, modelled on Article 7(3) of the recast Blue Card Directive, aimed at ensuring that immigration authorities act proportionately and with regard to the specific circumstances of the case.

Amendment 8

Article 9(1)

Text proposed by the European Commission	CoR amendment
EU long-term residents shall no longer be entitled to maintain EU long-term resident status in the following cases:	EU long-term residents shall no longer be entitled to maintain EU long-term resident status in the following cases:
a) detection of fraudulent acquisition of EU long-term resident status;	a) detection of fraudulent acquisition of EU long-term resident status;
b) adoption of a decision ending the legal stay under the conditions provided for in Article 13;	b) adoption of a decision ending the legal stay under the conditions provided for in Article 13;
c) in the event of absence from the territory of the Union for a period of 24 consecutive months.	c) in the event of absence from the territory of the Union for a period exceeding 24 consecutive months.

Reason

The word 'exceeding' should be added in order to align with the wording further on in the Directive.

Amendment 9

Article 14

Text proposed by the European Commission	CoR amendment
National residence permits of permanent or unlimited validity	National residence permits of permanent or unlimited validity
This Directive is without prejudice to the right of Member States to issue residence permits of permanent or unlimited validity other than the EU long-term residence permit issued in accordance with this Directive. Such residence permits shall not confer the right of residence in the other Member States as provided by Chapter III of this Directive.	This Directive is without prejudice to the right of Member States to issue residence permits of permanent or unlimited validity other than the EU long-term residence permit issued in accordance with this Directive. Such residence permits shall not confer the right of residence in the other Member States as provided by Chapter III of this Directive. <i>Where Member States issue national permanent residence permits, they shall grant third-country nationals to whom they granted the EU long-term resident status the same rights and advantages as those provided for under their national schemes where the rights and advantages under such national schemes are more favourable.</i>

Reason

To create a level playing field between the EU long-term residence permit and the national permanent residence permits, Member States need to provide third-country nationals with the EU long-term resident status the same rights and advantages attached to the national status. The proposed amendment mirrors the clause in Article 11(6) of the recast Blue Card Directive (EU) 2021/1883 of the European Parliament and of the Council of 20 October 2021 on the conditions of entry and residence of third-country nationals for the purpose of highly qualified employment, and repealing Council Directive 2009/50/EC (OJ L 382, 28.10.2021, p. 1).

Amendment 10

Article 21(3)

Text proposed by the European Commission	CoR amendment
The second Member State shall issue members of the EU long-term resident's family with renewable residence permits valid for the same period as the permit issued to the EU long-term resident.	The second Member State shall issue members of the EU long-term resident's family with renewable residence permits valid for the same period as the permit issued to the EU long-term resident. <i>The residence permit shall be issued in accordance with the rules and standard model as set out in Council Regulation (EC) No 1030/2002. Under the heading 'remarks', the Member States shall add 'the holder shall have the same rights as an EU long-term resident under Chapter III'.</i>

Reason

There should be an explicit mention in a residence permit that it is issued to a long-term resident in a second Member State, otherwise public authorities, private organisations and other persons will be unaware that the third-country national holds the EU long-term resident status and enjoys the rights pertaining thereto, such as equal treatment.

Amendment 11

Article 24

Text proposed by the European Commission	CoR amendment
Treatment granted in the second Member State	Treatment granted in the second Member State
<p>1. As soon as they have received the residence permit provided for by Article 21 in the second Member State, EU long-term residents and their family members shall in that Member State enjoy equal treatment in the areas and under the conditions referred to in Article 12.</p> <p>2. EU long-term residents and their family members shall have access to the labour market in accordance with paragraph 1.</p> <p>Member States may provide that the EU long-term residents and their family members who exercise an economic activity in an employed or self-employed capacity communicate to the competent authorities any change of employer or economic activity. Such requirement shall not affect the right of the persons concerned to take up and carry out the new activity.</p> <p>Member States may decide in accordance with national law the conditions under which the persons referred to in Article 16(2), <i>points (b) or</i> (c), and their family members may have access to an employed or self-employed activity.</p>	<p>1. As soon as they have received the residence permit provided for by Article 21 in the second Member State, EU long-term residents and their family members shall in that Member State enjoy equal treatment in the areas and under the conditions referred to in Article 12.</p> <p>2. EU long-term residents and their family members shall have access to the labour market in accordance with paragraph 1.</p> <p>Member States may provide that the EU long-term residents and their family members who exercise an economic activity in an employed or self-employed capacity communicate to the competent authorities any change of employer or economic activity. Such requirement shall not affect the right of the persons concerned to take up and carry out the new activity.</p> <p>Member States may decide in accordance with national law the conditions under which the persons referred to in Article 16(2)(c), and their family members may have access to an employed or self-employed activity.</p>

Text proposed by the European Commission	CoR amendment
	<p>3. The persons referred to in Article 16(2)(b), outside their study time and subject to the rules and conditions applicable to the relevant activity in the Member State concerned, shall be entitled to be employed and may be entitled to exercise self-employed economic activity. Each Member State shall determine the maximum number of hours per week, or days or months per year, allowed for such an activity, which shall not be less than 15 hours per week, or the equivalent in days or months per year.</p>

Reason

According to the proposed reading of the last sentence of Article 24(2), the access to employment of a long-term resident third-country national who moves to another Member State as a student under Article 16(2)(b) would depend entirely on the relevant national rules. There is no justification why this third country national with at least five years of lawful residence in the EU should have less access to employment than a student from outside the EU under Article 24 of the Students and Researchers Directive (EU) 2016/801 of the European Parliament and of the Council of 11 May 2016 on the conditions of entry and residence of third-country nationals for the purposes of research, studies, training, voluntary service, pupil exchange schemes or educational projects and au pairing (OJ L 132, 21.5.2016, p. 21). The added paragraph is modelled after Article 24 of the Students and Researchers Directive.

Amendment 12

Article 27

Text proposed by the European Commission	CoR amendment
<p><i>Access to information</i></p> <p>1. Member States shall make easily accessible to applicants for an EU long-term resident permit information</p> <p>a) on the documentary evidence needed for an application;</p> <p>b) on the status acquisition and residence conditions applicable to third-country nationals and to their family members, including their rights and obligations and the procedural safeguards.</p> <p>2. Where Member States issue national residence permits in accordance with Article 14, they shall ensure the same access to information on the EU long-term resident permit as the one provided with respect to such national residence permits.</p>	<p><i>Access to information</i></p> <p>1. Member States shall make easily accessible to applicants for an EU long-term resident permit information</p> <p>a) on the documentary evidence needed for an application;</p> <p>b) on the status acquisition and residence conditions applicable to third-country nationals and to their family members, including their rights and obligations and the procedural safeguards.</p> <p>2. Where Member States issue national residence permits in accordance with Article 14, they shall ensure the same access to information on the EU long-term resident permit as the one provided with respect to such national residence permits.</p> <p>3. Once a third-country national has lawfully and continuously resided for five years on the territory of a Member State, that Member State will inform the third-country national about the completion of that term and the possibility to apply for the status provided for by Article 7 where the conditions of Articles 3, 4 and 5 and 26 are fulfilled.</p>

Reason

EU long-term resident status has been underused to date, partially because of the lack of awareness and information about the rights and advantages attached to the status. To address this, third country nationals should be informed, once they have lawfully resided in the Member State, that they may be entitled to the status, and advised on how to file an application for that status.

Proposal for a Directive of the European Parliament and of the Council on a single application procedure for a single permit for third-country nationals to reside and work in the territory of a Member State and on a common set of rights for third-country workers legally residing in a Member State

COM(2022) 655

Amendment 13

Recital 4

Text proposed by the European Commission	CoR amendment
A set of rules governing the procedure for examination of the application for a single permit should be laid down. That procedure should be effective and manageable, taking account of the normal workload of the Member States' administrations , as well as transparent and fair, in order to offer appropriate legal certainty to those concerned.	A set of rules governing the procedure for examination of the application for a single permit should be laid down. That procedure should be effective and manageable, as well as transparent and fair, in order to offer appropriate legal certainty and a swift response to those concerned.

Reason

Particularly at a point in time in which we are witnessing ever-increasing migration, it is not appropriate to make the procedure for examining single permit applications — for which there should be dedicated departments — dependent on other types of administrative work.

Amendment 14

Recital 5

Text proposed by the European Commission	CoR amendment
The provisions of this Directive should be without prejudice to the competence of the Member States to regulate the admission, including the volumes of admission, of third-country nationals for the purpose of work.	The provisions of this Directive should be without prejudice to the competence of the Member States to regulate the admission, including the volumes of admission, of third-country nationals for the purpose of work. In setting the volumes of admission, the Member States are encouraged to consult their local and regional authorities and the relevant local actors.

Reason

While admission quotas are a national competence, the labour market situation within a Member State may vary greatly between regions and the national average data may not provide an accurate picture of labour needs. The local and regional authorities should therefore have the possibility to include their needs in the national volume of admission. Local stakeholders such as local and regional associations, NGOs working on migrant inclusion and welcoming refugees, refugee councils, etc. can also provide with an accurate estimation of the volume of admissions of third-country nationals.

Amendment 15

Recital 15

Text proposed by the European Commission	CoR amendment
The designation of the competent authority under this Directive should be without prejudice to the role and responsibilities of other authorities and, where applicable, the social partners, with regard to the examination of, and the decision on, the application.	The designation of the competent authority under this Directive should be without prejudice to the role and responsibilities of other authorities, including local and regional authorities , and, where applicable, the social partners, with regard to the examination of, and the decision on, the application.

Reason

The amendment seeks to ensure that local and regional authorities keep their respective roles and responsibilities.

Amendment 16

Recital 16

Text proposed by the European Commission	CoR amendment
The deadline for adopting a decision on the application should, however, not include the time required for the recognition of professional qualifications. This Directive should be without prejudice to national procedures on the recognition of diplomas.	The deadline for adopting a decision on the application should, however, not include the time required for the recognition of professional and academic qualifications and should be without prejudice to national or regional procedures on the recognition of diplomas.

Reason

The recognition of qualifications is conducted by different authorities and can slow down the processing of the single permit application. In some MS many occupations are governed at regional level. In order for those qualifications to be recognised the regions have to implement legal regulations.

Amendment 17

Recital 32

Text proposed by the European Commission	CoR amendment
To ensure the proper enforcement of this Directive, Member States should ensure that appropriate mechanisms are in place for the monitoring of employers and that, where appropriate, effective and adequate inspections are carried out on their respective territories. The selection of employers to be inspected should be based primarily on a risk assessment to be carried out by the competent authorities in the Member States taking into account factors such as the sector in which a company operates and any past record of infringement.	To ensure the proper enforcement of this Directive, Member States, in cooperation with local authorities and regions , should ensure that appropriate mechanisms are in place for the monitoring of employers and that, where appropriate, effective and adequate inspections are carried out on their respective territories. The selection of employers to be inspected should be based primarily on a risk assessment to be carried out by the competent authorities in the Member States taking into account factors such as the sector in which a company operates and any past record of infringement.

Reason

The possibility of extending the monitoring to local authorities and regions means that local police could also be involved in the protection of workers and thus in workplace inspections.

Amendment 18

Article 5

Text proposed by the European Commission	CoR amendment
Competent authority	Competent authority
1. Member States shall designate the authority competent to receive the application and to issue the single permit.	1. Member States shall designate the authority competent to receive the application and to issue the single permit.
2. The competent authority shall adopt a decision on the complete application as soon as possible and in any event within four months of the date on which the application was lodged.	2. The competent authority shall adopt a decision on the complete application as soon as possible and in any event within four months of the date on which the application was lodged.
The time limit referred to in the first subparagraph shall cover checking the labour market situation and issuing the requisite visa referred to in Article 4(3). The time limit may be extended in exceptional circumstances, linked to the complexity of the examination of the application.	The time limit referred to in the first subparagraph shall cover checking the labour market situation and issuing the requisite visa referred to in Article 4(3). The time limit may be extended in exceptional circumstances, linked to the complexity of the examination of the application, or reduced in circumstances of severe political/social situations or natural disasters, subject to subsequent verification of the requirements.
Where no decision is taken within the time limit provided for in this paragraph, any consequences shall be determined by national law.	Where no decision is taken within the time limit provided for in this paragraph, any consequences shall be determined by national law.
3. The competent authority shall notify the decision to the applicant in writing in accordance with the notification procedures laid down in the relevant national law.	3. The competent authority shall notify the decision to the applicant in writing in accordance with the notification procedures laid down in the relevant national law.
4. If the information or documents in support of the application are incomplete according to the criteria specified in national law, the competent authority shall notify the applicant in writing of the additional information or documents required, setting a reasonable deadline to provide them. The time limit referred to in paragraph 2 shall be suspended until the competent authority or other relevant authorities have received the additional information required. If the additional information or documents is not provided within the deadline set, the competent authority may reject the application.	4. If the information or documents in support of the application are incomplete according to the criteria specified in national law, the competent authority shall notify the applicant in writing of the additional information or documents required, setting a reasonable deadline to provide them. The time limit referred to in paragraph 2 shall be suspended until the competent authority or other relevant authorities have received the additional information required. If the additional information or documents is not provided within the deadline set, the competent authority may reject the application.
	5. Checking of the labour market situation may be omitted or accelerated where the address of the employer is in a region or city which indicated to the Member State's competent authority a labour shortage which cannot be covered by domestic workforce.

Reason

The proposed amendment would allow for speedier processing of applications for workers coming into regions actively looking to address their labour shortage with foreign workers.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS,

1. welcomes the strategic approach to legal migration;
2. acknowledges that legal migrants play a crucial role in Europe's economy and society and can also become agents of development when the right policies are put in place; points out that legal migration is a fundamental driver of cities' growth and contributes to making cities much more diverse and economically vibrant places; points also to the contribution of the high percentage of migrant key workers during the COVID-19 pandemic; stresses the need to strengthen the equal treatment of third-country workers, in particular as regards working conditions, freedom of association and affiliation and social security benefits, as well as the need for greater protection of women's rights and the gender perspective, especially in sectors where migrant women are overrepresented, as well as the need to protect people with disabilities, safeguarding their rights and access to care;
3. points out that local and regional authorities are best placed to have a coherent overview of the current and more structural shortages and opportunities in the local labour market and they should therefore be included in multi-level governance of attracting and retaining international talent to respond to the needs of the local labour market. To this end, spaces for multi-level dialogue across the local, national and EU level governance structure need to be expanded;
4. underlines the need to address the employment of migrant workers in a holistic way, to cover all aspects of the migration process: from recruitment to effective integration and eventual freedom of movement within the EU labour market. Stresses by the same token the importance of matching the levels of legal economic migration with the labour market needs of the Member States; in this process, private sector partners and employers should also be included and migrant workers of all skill levels should be considered;
5. acknowledges that the EU's transition towards a green and digital economy requires specific skills and restructuring of economies and labour markets, which in turn require additional labour and new skills through Technical and Vocational Education and Training (TVET); calls for regional and local authorities to be involved in this process, as they have the best knowledge of the needs of local and regional labour markets;
6. stresses that local and regional authorities play a vital role in facilitating inclusion of all third-country nationals, independent of their legal status. They often promote diversity and social cohesion through a range of progressive policies that foster trust in local administrations, fair access to shared services, and socio-economic inclusion. They are at the centre of receiving and assisting refugees and play a key role in identifying labour market needs as well as in defining the conditions requiring the implementation of safeguard procedures (labour market tests), and in ensuring the recognition and respect of diversity in the labour market, as well as the provision of equal opportunities for all;
7. calls for a comprehensive method at EU level of collecting data on the demand for highly skilled workers in various occupations and labour markets, which would require further development of initiatives such as the EURES portal, EuroPass and the actions currently foreseen under the New Skills Agenda. Cooperation platforms based on actual market needs, which are also often identified by the national social partners, could be set up in a more simplified way;
8. welcomes the support of the European Labour Authority (ELA) in ensuring that the EU rules on labour mobility and social security coordination are enforced in a fair, simple and effective way, including via information provision, concerted and joint inspections, enhanced administrative cooperation, as well as promotion of labour mobility, particularly through EURES;
9. considers that the recast of the two directives complies with the principles of subsidiarity and proportionality;
10. welcomes the further measures set out in the 'Skills and talent' package, including the creation of an EU talent pilot project specifically for people fleeing Russia's invasion of Ukraine and the proposed EU Talent Pool;

11. welcomes the European Commission's announcement to extend the EU Talent Pool to refugees residing in the EU and in non-EU countries as paving the way towards a more sustainable and inclusive approach to labour mobility and third country solutions; recalls that when designing these tools, more needs to be done to develop fair labour migration schemes that ensure decent work for all workers, and that are accessible to refugees, regardless of their nationality and place of stay on an equal footing and with the required protection safeguards. Existing legal and administrative frameworks remain too complex and tend to hinder the achievement of scale. Excessively bureaucratic procedures may affect refugees' access to the labour market, thus making them increasingly at risk over time of having to resort to undeclared work and exposed to abuse and exploitation;

12. stresses that, in the future, the roll-out of mobility projects and talent partnerships should include: local authorities and regional governments, with the task of co-designing future projects; the diaspora, with the task of pinpointing migrants' needs and helping shape projects in their countries of origin; and trade associations and employers' associations, with the task of collating labour market needs at national and local level and helping design effective measures;

13. emphasises that the needs of the various stakeholders (migrants, the diaspora, local and regional authorities, employers and trade associations) should be taken into account, in order to ensure that the future projects are effective and sustainable as a tool for long-term legal migration management; therefore, calls for a round table to be set up between the European Commission, the European Economic and Social Committee, the European Committee of the Regions and the European Parliament, the exchanges of which should be based on previous consultations and dialogues with key stakeholders on migrant integration; at the same time, calls for synergies with the EU platform on labour migration envisaged by the European Commission and recalls that the particular vulnerable situation of refugees should be taken into consideration for future projects to ensure equal access for refugees to access labour market opportunities and necessary legal safeguards are in place;

14. supports the setting up of an EU work and travel programme for young people from non-EU countries, as envisaged by the Commission in its Communication on Attracting skills and talent in the EU, as well as the extension of the DiscoverEU programme beyond the third countries associated with Erasmus+ and calls for a similar approach with regard to the European Solidarity Corps to include more third countries in the programme than those currently provided for, in order to address the challenges and opportunities of migration throughout the overall migration cycle;

15. considers that COM(2022) 657, the main objective and focus of which is to attract skills and talents to the EU, is not sufficiently taken into account in the proposals for Directives COM(2022) 650 and 655, despite the fact that it provides significant impetus for a paradigm shift in the analysis of migration;

16. points out that amongst third-country nationals that contribute to the EU labour market, there are specific groups that legislation should pay attention to, as they become increasingly relevant in essential sectors in European labour markets, such as under the initiatives that aim to reinforce the health and care sectors, such as the EU Child Guarantee or the Green Paper on Ageing, and calls for greater targeted support for third-country nationals in order to facilitate their long-term resident status, intra-EU mobility and integration, with a particular focus on beneficiaries of international protection who, under the proposed long-term residents directive, fall under the same rules as any other third-country nationals falling within the scope of this directive, which fails to take into account the special situation of refugees and their vulnerabilities;

17. points out that labour mobility can be a complementary legal avenue by which refugees can reach Europe or other destinations without having to resort to irregular routes as it can open a safe pathway for refugees to apply their skills and realise their potential in regions that are seeking to address specific skills shortages; proposes that refugees residing in non-EU countries should be considered an additional category of qualified workers, while the provision of such additional legal avenue based on labour migration could assist in reducing the pressures being brought to bear on European asylum systems;

18. warns that although irregular migration accounts for only a small percentage of the overall migration to the EU, it still puts significant pressure on the regions and cities located at the EU's external border; calls, therefore, for proper enforcement of the principle of burden-sharing among the EU Member States and for tackling irregular migration, including through combatting traffickers who exploit asylum-seekers and economic migrants into making dangerous journeys;

19. it should be pointed out that, for certain professional groups (healthcare workers, engineers, etc.), entry needs to be made easier by cutting red tape, whereas for the thousands of unfilled jobs in areas where technical training is required rather than an academic background — for example, in agriculture, construction, transport, mechanical engineering, etc. — setting the goal of matching market supply with the demand for employment is not enough; a different type of cooperation needs to be envisaged: including matching market supply with demand but also working closer with the social partners and relevant training centres. And this cooperation should also include the municipalities and regions;

20. with a view to attracting skills and talents, also calls for the Member States to consider the possibility of facilitating the acquisition of long-term resident status for all legal migrants with higher qualifications and highly skilled jobs, as well as for specific categories of medium-skilled third-country nationals, which would, of course, require a system of prioritisation to be established. This could help to bridge the gap in sectors experiencing labour shortages, such as IT and health. It would therefore be necessary to create lists of jobs for which there is an established shortage of workers, as well as to create an exemption from the labour market test for the access of skilled workers;

21. proposes the activation of a local (regional or metropolitan area) skills recognition system in order to accelerate the process of socio-economic inclusion of third-country nationals, be they first arrivals or already residents, in possession of one of the statuses guaranteed by current national legislation. This system of skills recognition would not replace the national one, but would be in addition to it, guaranteeing faster integration into the regional or metropolitan area labour market;

22. points out that the recent flow of highly skilled refugees from Ukraine is highlighting the need to speed up the skills recognition process for all third-country nationals, as already regulated by the new European Blue Card directive. An EU policy regulating the entry and treatment of migrant workers is essential to ensure a good balance between labour supply and demand, which is particularly unbalanced at this point in time, especially in certain socially relevant functions such as those related to the care sector and the health sector;

23. points out that those whose talents lie in the arts should be part of the equation; they fall outside the professional profiles sought, but have the capacity to enrich the culture of the host country, leading to that cultural exchange which is part of Europe's proud history;

24. recommends implementing long-term policies to go beyond security-driven measures by promoting improved inclusion, while also tackling the underlying causes of migration;

25. calls for fostering entrepreneurship by enlarging avenues for migration into the EU for the creation of businesses and start-ups and by facilitating permits for establishing businesses by third-country nationals; points to the potential of local and regional authorities for providing guidance and connecting newcomers to local businesses and to the need to support such initiatives by sustained support through EU funding;

26. points out the need for promoting a culture of tolerance by raising intercultural awareness and constructing a shared sense of belonging;

27. suggests strengthening the multi-actor governance of migration, providing support to greater cooperation between regional authorities and civil society in managing migration, diversity and inclusion, enhancing dialogue and cooperation on migration, and building a truly comprehensive approach to address it in all its dimensions, in full respect for human rights.

Brussels, 30 November 2022.

*The President
of the European Committee of the Regions*
Vasco ALVES CORDEIRO

Opinion of the European Committee of the Regions on reform of the geographical indications system

(2023/C 79/11)

Rapporteur:	Karine GLOANEC-MAURIN (FR/PES), Deputy mayor delegate of the new commune of Couëtron-au-Perche
Reference documents:	Proposal for a Regulation of the European Parliament and of the Council on European Union geographical indications for wine, spirit drinks and agricultural products, and quality schemes for agricultural products, amending Regulations (EU) No 1308/2013, (EU) 2017/1001 and (EU) 2019/787 and repealing Regulation (EU) No 1151/2012 COM(2022) 134 final

I. RECOMMENDATIONS FOR AMENDMENTS

Proposal for a Regulation of the European Parliament and of the Council on European Union geographical indications for wine, spirit drinks and agricultural products, and quality schemes for agricultural products, amending Regulations (EU) No 1308/2013, (EU) 2017/1001 and (EU) 2019/787 and repealing Regulation (EU) No 1151/2012

COM(2022) 134 final

Amendment 1

New recital after recital 3

Text proposed by the European Commission	CoR amendment
	<i>In its communication of 30 June 2021 ‘A long-term Vision for the EU’s Rural Areas — Towards stronger, connected, resilient and prosperous rural areas by 2040’, the Commission identified geographical indications as one of the flagship initiatives promoting prosperous areas, because of their contribution to the economic diversification of rural areas.</i>

Reason

Thanks to their multiple external benefits, geographical indications contribute to sustainable rural growth.

Amendment 2

New recital after recital 3

Text proposed by the European Commission	CoR amendment
	<i>The amendments introduced to the EU’s geographical indications system by Regulation (EU) 2021/2117, as part of the reform of the common agricultural policy (CAP).</i>

Reason

To ensure coherence with the progress made by the CMO Regulation and Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs (OJ L 343, 14.12.2012, p. 1), as part of the recent CAP.

Amendment 3

New recital after recital 11

Text proposed by the European Commission	CoR amendment
	<p><i>The EU's quality policy is a public policy associated with the production of public goods, and its role in the transition towards a sustainable food system must be assessed from this perspective using a holistic, multi-dimensional approach that encompasses environmental, economic and socio-cultural sustainability. Geographical indications are tools that can contribute to: sustainable rural development; the diversification of the rural economy; protecting jobs and SMEs; preventing depopulation; preserving cultural and socio-economic diversity; protecting the rural landscape; the sustainable management and reproduction of natural resources; biodiversity conservation; animal welfare; and food security and traceability, thanks to the mechanisms included in the product specifications.</i></p>

Reason

It is important to recognise the contribution of GIs to environmental, economic and socio-cultural sustainability due to their intrinsic connection to the territory.

Amendment 4

Recital 12

Text proposed by the European Commission	CoR amendment
<p>(12) To contribute to the transition to a sustainable food system and respond to societal demands for sustainable, environmentally and climate friendly, animal welfare ensuring, resource efficient, socially and ethically responsible production methods, producers of geographical indications should be encouraged to <i>adhere to sustainability standards that are more stringent than the mandatory ones and go beyond good practice.</i> Such specific <i>requirements</i> could be set out in the product specification.</p>	<p>(12) To contribute to the transition to a sustainable food system and respond to societal demands for sustainable, environmentally and climate friendly, animal welfare ensuring, resource efficient, socially and ethically responsible production methods, producers of geographical indications should be encouraged to <i>agree on sustainability undertakings, helping to achieve environmental, economic and socio-cultural sustainability objectives.</i> Such specific <i>undertakings</i> could be set out in the product specification.</p>

Reason

There is no definition of 'sustainability standards' that can be adhered to. It is therefore important to keep the same terminology used in Article 12, which refers to sustainability undertakings.

Amendment 5

New recital after recital 12

Text proposed by the European Commission	CoR amendment
	<p><i>Sustainability undertakings should contribute to one or more of the following environmental, economic or socio-cultural objectives:</i></p> <ol style="list-style-type: none"> 1. <i>Environmental objectives, including inter alia:</i> <ul style="list-style-type: none"> — <i>climate change mitigation and adaptation, including energy efficiency and reduced water consumption;</i> — <i>the conservation and sustainable use of soils, landscapes and natural resources;</i> — <i>the preservation of biocultural diversity and the conservation of rare seeds, local breeds and plant varieties;</i> — <i>the management and promotion of animal health and welfare;</i> — <i>transition to a circular economy.</i> 2. <i>Economic objectives, including inter alia:</i> <ul style="list-style-type: none"> — <i>securing viable incomes and the resilience of GI producers;</i> — <i>improving the economic value of GI products and the redistribution of added value;</i> — <i>contributing to the diversification of the rural economy;</i> — <i>preserving rural areas and local development, including agricultural employment.</i> 3. <i>Socio-cultural objectives, including inter alia:</i> <ul style="list-style-type: none"> — <i>attracting and supporting both young and new GI producers and facilitating the transmission of knowledge and culture across generations;</i> — <i>contributing to the promotion of rural identity and cultural and gastronomic heritage;</i> — <i>promoting education on issues related to the quality scheme, food security and balanced and diverse diets;</i> — <i>improving coordination between producers through better efficiency of governance instruments.</i>

Reason

After recital 12, it would be important to include a definition of sustainability undertakings, pointing out that sustainability comprises three pillars — economic, social and environmental.

Amendment 6

New recital after recital 12

Text proposed by the European Commission	CoR amendment
	<i>In order to make local and regional food production systems more sustainable and to contribute to diverse and balanced sustainable diets, geographical indications should be included in the minimum mandatory criteria for sustainable food public procurement.</i>

Reason

As recommended by a study of the European Committee of the Regions ⁽¹⁾, the inclusion of sustainable food, including PDO and PGI products, should be encouraged.

Amendment 7

Recital 39

Text proposed by the European Commission	CoR amendment
(39) The procedures for registration, amendment and cancellation of geographical indications, including the scrutiny and the opposition procedure, should be carried out in the most efficient way. This can be achieved by using the assistance for the scrutiny of the applications provided by the European Union Intellectual Property Office (EUIPO). While a partial outsourcing to EUIPO has been considered, the Commission would remain responsible for registration, amendment and cancellation, due to a strong relation with the Common Agricultural Policy and to the expertise needed to ensure that specificities of wine, spirit drinks and agricultural products are adequately assessed.	(39) The procedures for registration, amendment and cancellation of geographical indications, including the scrutiny and the opposition procedure, should be carried out in the most efficient way. This can be achieved by using the assistance for the scrutiny of the applications provided by the European Union Intellectual Property Office (EUIPO), with regard to its area of competence in intellectual property matters. The involvement of EUIPO must not lead to extra procedures or to such procedures taking longer. While a partial outsourcing to EUIPO has been considered, the Commission would remain responsible for registration, amendment and cancellation, due to a strong relation with the Common Agricultural Policy and to the expertise needed to ensure that specificities of wine, spirit drinks and agricultural products are adequately assessed.

⁽¹⁾ European Committee of the Regions, Soldi, R. (2018), 'Sustainable public procurement of food', <https://data.europa.eu/doi/10.2863/1187>

Reason

GIs are more than intellectual property rights. Given their close link with rural development policy, GIs should not be managed as trademarks. Therefore, the proposal for a Regulation should specify that the EUIPO's technical support would only cover the scrutiny of matters falling within its area of competence, namely intellectual property.

Amendment 8

New recital after recital 39

Text proposed by the European Commission	CoR amendment
	<i>EUIPO will contribute to the functioning of the EU geographical indications system by offering its expertise on intellectual property as well as in the performance of tasks related to the protection of geographical indications, including on the internet.</i>

Reason

EUIPO's technical expertise on intellectual property rights and its resources could provide invaluable support in strengthening the protection of GIs. EUIPO could therefore supplement DG AGRI's competences in the area of agriculture and rural development by providing expertise on IPR.

Amendment 9

New recital after recital 39

Text proposed by the European Commission	CoR amendment
	<i>Clear deadlines and faster procedures for amending specifications by dividing amendments into Union amendments and standard amendments, will help to improve the effectiveness of the system.</i>

Reason

The simplification of procedures for amending specifications adopted in December 2021 will help to address administrative burdens. This is important because amendments to specifications have a major impact on the adoption of production process adjustments.

Amendment 10

Recital 56

Text proposed by the European Commission	CoR amendment
<p>(56) In order to supplement or amend certain non-essential elements of this Regulation, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of defining sustainability standards and laying down criteria for the recognition of existing sustainability standards; clarifying or adding items to be supplied as part of accompanying information; entrusting the EUIPO with the tasks related to scrutiny for opposition and the opposition procedure, operation of the register, publication of standard amendments to a product specification, consultation in the context of cancellation procedure, establishment and management of an alert system informing applicants about the availability of their geographical indication as a domain name, scrutiny of third country geographical indications other than geographical indications under the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications, proposed for protection pursuant to international negotiations or international agreements; establishing appropriate criteria for monitoring performance of the EUIPO in the execution of the tasks entrusted to it; laying down additional rules on the use of geographical indications to identify ingredients in processed products; laying down additional rules for determining the generic status of terms; establishing the restrictions and derogations with regard to the sourcing of feed in the case of a designation of origin; establishing restrictions and derogations with regard to the slaughtering of live animals or with regard to the sourcing of raw materials; laying down rules for determining the use of the denomination of a plant variety or of an animal breed; laying down rules which limit the information contained in the product specification for geographical indications and traditional specialties guaranteed; laying down further details of the eligibility criteria for traditional specialties guaranteed; laying down additional rules to provide for appropriate certification and accreditation procedures to apply in respect of product</p>	<p>(56) In order to supplement or amend certain non-essential elements of this Regulation, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of clarifying or adding items to be supplied as part of accompanying information; entrusting the EUIPO with the tasks related to operation of the register, publication of standard amendments to a product specification, establishment and management of an alert system informing applicants about the availability of their geographical indication as a domain name, scrutiny of third country geographical indications other than geographical indications under the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications, proposed for protection pursuant to international negotiations or international agreements; establishing appropriate criteria for monitoring performance of the EUIPO in the execution of the tasks entrusted to it; establishing the restrictions and derogations with regard to the sourcing of feed in the case of a designation of origin; establishing restrictions and derogations with regard to the slaughtering of live animals or with regard to the sourcing of raw materials; laying down rules for determining the use of the denomination of a plant variety or of an animal breed; laying down rules which limit the information contained in the product specification for geographical indications and traditional specialties guaranteed; laying down further details of the eligibility criteria for traditional specialties guaranteed; laying down additional rules to provide for appropriate certification and accreditation procedures to apply in respect of product certification bodies; laying down additional rules to further detail protection of traditional specialties guaranteed; laying down for traditional specialties guaranteed additional rules for determining the generic status of terms, conditions for use of plant variety and animal breed denominations, and relation to intellectual property rights; defining additional rules for joint applications concerning more than one national</p>

Text proposed by the European Commission	CoR amendment
<p>certification bodies; laying down additional rules to further detail protection of traditional specialties guaranteed; laying down for traditional specialties guaranteed additional rules for determining the generic status of terms, conditions for use of plant variety and animal breed denominations, and relation to intellectual property rights; defining additional rules for joint applications concerning more than one national territory and complementing the rules of the application process for traditional specialties guaranteed; complementing the rules for the opposition procedure for traditional specialties guaranteed to establish detailed procedures and deadlines; supplementing the rules regarding the amendment application process for traditional specialties guaranteed; supplementing the rules regarding the cancellation process for traditional specialties guaranteed; laying down detailed rules relating to the criteria for optional quality terms; reserving an additional optional quality term, laying down its conditions of use; laying down derogations to the use of the term 'mountain product' and establishing the methods of production, and other criteria relevant for the application of that optional quality term, in particular, laying down the conditions under which raw materials or feedstuffs are permitted to come from outside the mountain areas. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.</p>	<p>territory and complementing the rules of the application process for traditional specialties guaranteed; complementing the rules for the opposition procedure for traditional specialties guaranteed to establish detailed procedures and deadlines; supplementing the rules regarding the amendment application process for traditional specialties guaranteed; supplementing the rules regarding the cancellation process for traditional specialties guaranteed; laying down detailed rules relating to the criteria for optional quality terms; reserving an additional optional quality term, laying down its conditions of use; laying down derogations to the use of the term 'mountain product' and establishing the methods of production, and other criteria relevant for the application of that optional quality term, in particular, laying down the conditions under which raw materials or feedstuffs are permitted to come from outside the mountain areas. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.</p>

Reason

It is important that some essential components of the system are defined in the Regulation and not by delegated acts.

Amendment 11

Article 2

Text proposed by the European Commission	CoR amendment
<p>For the purposes of this Regulation the following definitions shall apply:</p> <p>(g) 'generic terms' means:</p> <p>(i) the name of products which, although relating to the place, region or country where a product was originally produced or marketed, have become the common name of a product in the Union; and</p> <p>ii) a common term descriptive of types of products, product attributes or other terms that do not refer to specific product;</p>	<p>For the purposes of this Regulation the following definitions shall apply:</p> <p>(g) 'generic terms' means:</p> <p>the name of products which, although relating to the place, region or country where a product was originally produced or marketed, have become the common name of a product in the Union;</p>

Reason

Point (g) (ii) adds a new provision concerning the definition of ‘generic term’. This issue should be left to the courts.

Amendment 12

Article 4

Text proposed by the European Commission	Amendment
	<p>1. The measures set out in this Regulation are intended to support agricultural and processing activities and the farming systems associated with high quality products, thereby contributing to the achievement of rural development policy objectives.</p>

Reason

EU GIs play a major role in sustaining economic and social activity in rural areas and are therefore crucial for maintaining territorial balance at regional level. As the Commission itself has recognised GIs as a ‘key driver of rural growth’, a reference to GIs as tools contributing to rural development should be reintroduced.

Amendment 13

Article 4

Text proposed by the European Commission	CoR amendment
<p>1. This Title provides for a unitary and exclusive system of geographical indications, protecting the names of wine, spirit drinks and agricultural products having characteristics, attributes or reputation linked to their place of production, thereby ensuring the following:</p> <p>(a) producers acting collectively have the necessary powers and responsibilities to manage their geographical indication, including to respond to societal demands for products resulting from sustainable production in its three dimensions of economic, environmental and social value, and to operate in the market;</p> <p>(b) fair competition for producers in the marketing chain;</p> <p>(c) consumers should receive reliable information and a guarantee of authenticity for such products and should be able to easily identify them in the marketplace including in e-commerce;</p>	<p>1. This Title provides for a unitary and exclusive system of geographical indications, protecting the names of wine, spirit drinks and agricultural products having characteristics, attributes or reputation linked to their place of production, thereby ensuring the following:</p> <p>(a) producers acting collectively have the necessary powers and responsibilities to manage their geographical indication, including to create value and to respond to societal demands for products resulting from sustainable production in its three dimensions of economic, environmental and social value, and to operate in the market;</p> <p>(b) fair competition for producers in the marketing chain;</p> <p>(c) consumers should receive reliable information and a guarantee of authenticity for such products and should be able to easily identify them in the marketplace including in the domain name system and in e-commerce;</p>

Text proposed by the European Commission	CoR amendment
(d) efficient registration of geographical indications taking into account the appropriate protection of intellectual property rights; and	(d) efficient registration of geographical indications taking into account the appropriate protection of intellectual property rights in the EU's single market and digital market;
(e) effective enforcement and marketing throughout the Union and in electronic commerce ensuring the integrity of the internal market.	(e) effective enforcement and marketing throughout the Union, as well as in the domain name system and in electronic commerce ensuring the integrity of the internal market;
	(f) the added value associated with products with a geographical indication is shared throughout the value chain so that producers can stabilise their prices and invest in the quality and reputation of their products.

Reason

As introduced for GI wines by Article 172b of the CMO, it is necessary to stress that GIs must seek to create added value throughout the chain in order to improve their quality and reputation.

Amendment 14

Article 12

Text proposed by the European Commission	CoR amendment
1. A producer group may agree on sustainability undertakings to be adhered to in the production of the product designated by a geographical indication. Such undertakings shall aim to apply a sustainability standard higher than mandated by Union or national law and go beyond good practice in significant respects in terms of social, environmental or economic undertakings. Such undertakings shall be specific, shall take account of existing sustainable practices employed for products designated by geographical indications, and may refer to existing sustainability schemes.	1. A producer group may agree on economic, environmental or social sustainability undertakings to be adhered to in the production of the product designated by a geographical indication. Such undertakings shall be specific, shall take account of existing sustainable practices employed for products designated by geographical indications, and may refer to existing sustainability schemes.
2. The sustainability undertakings referred to in paragraph (1) shall be included in the product specification.	2. The sustainability undertakings referred to in paragraph (1) may be included in the product specification and/or developed as part of separate initiatives.
3. The sustainability undertakings referred to in paragraph 1 shall be without prejudice to requirements for compliance with hygiene, safety standards and competition rules.	3. The sustainability undertakings referred to in paragraph 1 shall be without prejudice to requirements for compliance with hygiene, safety standards and competition rules.

Text proposed by the European Commission	CoR amendment
<p>4. The Commission shall be empowered to adopt delegated acts in accordance with Article 84 defining sustainability standards in different sectors and laying down criteria for the recognition of existing sustainability standards to which producers of products designated by geographical indications may adhere.</p> <p>5. The Commission may adopt implementing acts defining a harmonised presentation of sustainability undertakings. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 53(2).</p>	

Reason

Sustainability criteria cannot be defined by delegated acts. It must be specified in the Regulation, leaving producer groups free to choose whether to include approved sustainability undertakings in the product specification or by other means.

Amendment 15

Article 17

Text proposed by the European Commission	CoR amendment
<p>2. Scrutiny should not exceed a period of 6 months. In the event that the scrutiny period exceeds or is likely to exceed 6 months the Commission shall inform the applicant of the reasons for the delay in writing.</p>	<p>2. Scrutiny must not exceed a period of 6 months. In the event that the scrutiny period exceeds or is likely to exceed 6 months the Commission must inform the applicant of the reasons for the delay in writing.</p>

Reason

The Commission tends not to comply with the six-month deadline laid down in the Regulation, and producers and the Member States are never informed of the reason for the delay (despite the fact that the Regulation provides for this possibility). It must be specified that the scrutiny period must not exceed six months.

Amendment 16

Article 17

Text proposed by the European Commission	CoR amendment
<p>5. The Commission shall be empowered to adopt delegated acts in accordance with Article 84 supplementing this Regulation by rules on entrusting EUIPO with the tasks set out in this Article.</p>	

Reason

It should be clearly indicated that the Commission is responsible for examining applications for registration. For questions concerning intellectual property, the Commission will be able to rely on the technical support of EUIPO. However, this sharing of competences in relation to IPR needs to be clearly defined in the legislative proposal and not through delegated acts.

Amendment 17

Article 19

Text proposed by the European Commission	CoR amendment
10. The Commission shall be empowered to adopt delegated acts, in accordance with Article 84 supplementing this Regulation by detailed procedures and deadlines for the opposition procedure, for the official submission of comments by national authorities and persons with a legitimate interest, which will not trigger the opposition procedure and by rules on entrusting its tasks set out in this Article to EUIPO.	

Reason

It should be clearly indicated that the Commission is responsible for the opposition procedure. In the event of tasks being delegated to EUIPO, these should be clearly defined in the legislative proposal and not by delegated acts.

Amendment 18

Article 25

Text proposed by the European Commission	CoR amendment
5. A standard amendment shall be considered as a temporary amendment when it concerns a temporary change in the product specification resulting from the imposition of obligatory sanitary and phytosanitary measures by the public authorities or a temporary amendment necessary because of a natural disaster or adverse weather conditions formally recognised by the competent authorities.	5. A standard amendment shall be considered as a temporary amendment when it concerns a temporary change in the product specification resulting from the imposition of obligatory sanitary and phytosanitary measures by the public authorities or a temporary amendment necessary because of a natural disaster or adverse weather conditions, or the consequence of an exceptional geopolitical event formally recognised by the competent authorities.

Reason

Recent events show that it would be useful to take into account geopolitical situations such as war to allow for temporary changes to specifications.

Amendment 19

Article 25

Text proposed by the European Commission	CoR amendment
8. If an application for a Union amendment to the product specification of a registered geographical indication also includes standard amendments or temporary amendments, the Commission shall scrutinise the Union amendment only. Any standard amendments or temporary amendments shall be deemed as not having been submitted. The scrutiny of such applications shall focus on the proposed Union amendments. Where appropriate, the Commission or the Member State concerned may invite the applicant to modify other elements of the product specifications.	8. If an application for a Union amendment to the product specification of a registered geographical indication also includes standard amendments or temporary amendments, the Commission shall scrutinise the Union amendment only. Any standard amendments or temporary amendments shall be deemed as not having been submitted. The scrutiny of such applications shall focus on the proposed Union amendments. The Commission shall also ascertain that the Union amendment to the product specification of a geographical indication does not weaken possible other existing geographical indications or designations of origin.

Reason

It could be risky to allow the EC to request changes to the specifications which go beyond the request submitted for amendment.

Amendment 20

Article 26

Text proposed by the European Commission	CoR amendment
6. The Commission shall be empowered to adopt delegated acts in accordance with Article 84 supplementing this Regulation by rules entrusting EUIPO with the tasks set out in paragraph (5).	

Reason

Delegation of these tasks to the EUIPO is not acceptable.

Amendment 21

Article 27(1)

Text proposed by the European Commission	CoR amendment
1. Geographical indications entered in the Union register of geographical indications shall be protected against:	1. Geographical indications entered in the Union register of geographical indications and those protected by international agreements in the EU shall be protected against:

Reason

GIs that are protected by bilateral or multilateral agreements should not be automatically included in the Union register.

Amendment 22

Article 27(1)(a)

Text proposed by the European Commission	CoR amendment
(a) any direct or indirect commercial use of the geographical indication in respect of products not covered by the registration, where those products are comparable to the products registered under that name or where use of a name exploits, weakens, dilutes, or is detrimental to the reputation of, the protected name;	(a) any direct or indirect commercial use of the geographical indication in respect of products not covered by the registration, where those products are comparable to the products registered under that name or where use of a name exploits, weakens, dilutes, or is detrimental to the reputation of, the protected name, including when these products are used as ingredients;

Reason

For consistency with the new provisions on the protection of GIs used as ingredients included in Article 28 of this proposal for a Regulation, it is useful to reintroduce the reference to GIs used as ingredients.

Amendment 23

Article 27(1)(b)

Text proposed by the European Commission	CoR amendment
(b) any misuse, imitation or evocation, even if the true origin of the products or services is indicated or if the protected name is translated or accompanied by an expression such as 'style', 'type', 'method', 'as produced in', 'imitation', 'flavour', 'like' or similar.	(b) any misuse, imitation or evocation, <i>even if Member States or public authorities are involved and</i> even if the true origin of the products or services is indicated or if the protected name is translated, <i>transcribed or transliterated</i> or accompanied by an expression such as 'style', 'type', 'method', 'as produced in', 'imitation', 'flavour', 'like' or similar, <i>including when these products are used as ingredients;</i>

Reason

Protection must also be strengthened against any action taken by other Member States and public authorities that officially complies with the law, but seeks to exploit the popularity of a GI.

Amendment 24

Article 27(1)(c)

Text proposed by the European Commission	CoR amendment
(c) any other false or misleading indication as to the provenance, origin, nature or essential qualities of the product that is used on the inner or outer packaging, advertising material, documents or information provided on websites relating to the product concerned, and the packing of the product in a container liable to convey a false impression as to its origin;	(c) any other false or misleading indication as to the provenance, origin, nature or essential qualities of the product that is used on the inner or outer packaging, advertising material, documents or information provided on websites <i>or on domain names</i> relating to the product concerned, and the packing of the product in a container liable to convey a false impression as to its origin;

Amendment 25

Article 27(2)

Text proposed by the European Commission	CoR amendment
<i>2. For the purposes of paragraph (1), point (b), the evocation of a geographical indication shall arise, in particular, where a term, sign, or other labelling or packaging device presents a direct and clear link with the product covered by the registered geographical indication in the mind of the reasonably circumspect consumer, thereby exploiting, weakening, diluting or being detrimental to the reputation of the registered name.</i>	

Reason

Evocation is not defined in current EU regulations on GIs. The Court of Justice of the European Union has given an extensive interpretation of evocation, which is not reflected in the proposed article. It would be better to let the Court of Justice of the European Union continue to evaluate the issue of evocation on a case-by-case basis.

Amendment 26

Article 27(7)

Text proposed by the European Commission	CoR amendment
7. Where a geographical indication is a compound name which contains a term which is considered to be generic, the use of that term shall not constitute a conduct referred to in paragraph (1), point (a) and (b).	

Reason

This provision could be dangerous for a number of PDO wines.

Amendment 27

New paragraph — Article 27

Text proposed by the European Commission	CoR amendment
	<p>8. The Member States shall take appropriate administrative and judicial measures to prevent or stop the unlawful use of protected designations of origin and protected geographical indications, as referred to in paragraph (1), that are produced or marketed in their territory.</p> <p>To that end, Member States shall designate the authorities responsible for taking such measures, in accordance with the procedures determined by each Member State.</p>

Reason

It would be important to reintroduce this provision of Article 13(3) of Regulation (EU) No 1151/2012.

Amendment 28

Article 28(2)

Text proposed by the European Commission	CoR amendment
2. The geographical indication designating a product ingredient shall not be used in the food name of the related processed product, except in cases of an agreement with a producer group representing two thirds of the producers.	2. The geographical indication designating a product ingredient shall not be used in the food name of the related processed product, except in cases of an agreement with the producer group, which may lay down minimum conditions for its use. Such use as an ingredient may give rise to financial compensation from the processor using the geographical indication.

Reason

It should be pointed out that producer groups may set minimum criteria for the use of their geographical indication product as an ingredient, as well as apply for a financial contribution or reimbursement in order to meet the increased costs relating to the operation and management of their normal activities.

Amendment 29

Article 28(3)

Text proposed by the European Commission	CoR amendment
3. The Commission shall be empowered to adopt delegated acts in accordance with Article 84 supplementing this Regulation by additional rules on the use of geographical indications to identify ingredients in processed products referred to in paragraph (1) of this Article.	

Reason

New rules on GIs used as ingredients should be established in this Regulation.

Amendment 30

Article 29

Text proposed by the European Commission	CoR amendment
3. The Commission shall be empowered to adopt delegated acts in accordance with Article 84 supplementing this Regulation by additional rules for determining the generic status of terms referred to in paragraph (1) of this Article.	

Reason

Additional rules on generic status, where applicable, should be set out in the Regulation and not through delegated acts.

Amendment 31

Article 32(1)

Text proposed by the European Commission	CoR amendment
1. A producer group shall be set up on the initiative of interested stakeholders, <i>including farmers, farm suppliers, intermediate processors and final processors</i>, as specified by the national authorities and according to the nature of the product concerned. Member States shall verify that the producer group operates in a transparent and democratic manner and that all producers of the product designated by the geographical indication enjoy right of membership in the group. <i>Member States may provide that public officials, and other stakeholders such as consumer groups, retailers and suppliers, also participate in the works of the producer group.</i>	1. A producer group shall be set up on the initiative of interested stakeholders, <i>and may include producers and/or processors</i>, as specified by the <i>competent</i> national authorities and according to the nature of the product concerned. Member States shall verify that the producer group operates in a transparent and democratic manner and that all producers of the product designated by the geographical indication enjoy right of membership in the group.

Reason

Categories belonging to producer groups vary depending on the type of value chain and between the Member States; it is therefore preferable to limit the specification of such categories to producers and processors. Moreover, the added value of including stakeholders that do not participate in the production process as members of a producer group is unclear.

Amendment 32

Article 32(2)

Text proposed by the European Commission	CoR amendment
<p>2. A producer group may exercise in particular the following powers and responsibilities:</p> <p>(a) develop the product specification and manage internal controls that ensure compliance of production steps of the product designated by the geographical indication with the said specification;</p> <p>(b) take legal action to ensure protection of the geographical indication and of the intellectual property rights that are directly connected with it;</p> <p>(c) agree sustainability undertakings, whether or not included in the product specification or as a separate initiative, including arrangements for verification of compliance with those undertakings and assuring adequate publicity for them notably in an information system provided by the Commission;</p> <p>(d) take action to improve the performance of the geographical indication, including:</p> <p>(i) development, organisation and conduct of collective marketing and advertising campaigns;</p> <p>(ii) dissemination of information and promotion activities aiming at communicating the attributes of the product designated by a geographical indication to consumers;</p>	<p>2. A producer group may exercise in particular the following powers and responsibilities:</p> <p>(a) develop the product specification and manage the activities that ensure compliance of production steps of the product designated by the geographical indication with the said specification;</p> <p>(b) take legal action to ensure protection of the geographical indication and of the intellectual property rights that are directly connected with it;</p> <p>(c) agree sustainability undertakings, whether or not included in the product specification or as a separate initiative, including arrangements for verification of compliance with those undertakings and assuring adequate publicity for them notably in an information system provided by the Commission;</p> <p>(d) share best practices and raise awareness among producers of sustainability undertakings, as defined in Article 12. That could include, among other things, sending information on the financial aid available, developing tools and action plans;</p> <p>(e) take action to improve the performance of the geographical indication, including:</p> <p>(i) development, organisation and conduct of collective marketing and advertising campaigns;</p> <p>(ii) dissemination of information and promotion activities aiming at communicating the attributes of the product designated by a geographical indication to consumers;</p>

Text proposed by the European Commission	CoR amendment
<p>(iii) carrying out analyses into the economic performance, sustainability of production, nutritional profile, and organoleptic profile, of the product designated by the geographical indication;</p> <p>(iv) dissemination of information on the geographical indication and the relevant Union symbol; and</p> <p>(v) providing advice and training to current and future producers, including on gender mainstreaming and equality;</p> <p>(e) combat counterfeiting and suspected fraudulent uses on the internal market of a geographical indication designating products that are not in compliance with the product specification, by monitoring the use of the geographical indication across the internal market and on third countries markets where the geographical indications are protected, including on the internet, and, as necessary, inform enforcement authorities using confidential systems available.</p>	<p>(iii) carrying out analyses into the economic performance, sustainability of production, nutritional profile, and organoleptic profile, of the product designated by the geographical indication;</p> <p>(iv) dissemination of information on the geographical indication and the relevant Union symbol; and</p> <p>(v) providing advice and training to current and future producers, including on gender mainstreaming and equality;</p> <p>(f) combat counterfeiting and suspected fraudulent uses on the internal market of a geographical indication designating products that are not in compliance with the product specification, by monitoring the use of the geographical indication across the internal market and on third countries markets where the geographical indications are protected, including on the internet, and, as necessary, inform enforcement authorities using confidential systems available.</p>

Reason

Non-recognised producer groups do not have sufficient capacity to take on these new tasks. In contrast, by transferring new skills to recognised producer groups, it would be possible to encourage the most active non-recognised producer groups to become recognised and thus improve their structuring.

Amendment 33

Article 32 — new point (g) in paragraph 2

Text proposed by the European Commission	CoR amendment
	<p>(g) <i>take measures to enhance the value of products and, where necessary, take steps to prevent or counter any measures which are, or risk being, detrimental to the image of those products.</i></p>

Reason

It is necessary to reintroduce this provision of Article 45(1)(f) of Regulation (EU) No 1151/2012 in order to strengthen the role and powers of GI producer groups.

Amendment 34

Article 33

Text proposed by the European Commission	CoR amendment
<p>1. Upon a request of producer groups <i>fulfilling the conditions of paragraph 3</i>, Member States shall designate, in accordance with their national law, one producer group as recognised producer group for <i>each geographical indication originating in their territory that is registered or is subject to an application for registration or for product names that are a potential subject for application for registration.</i></p> <p>2. A producer group may be designated as recognised producer group <i>subject to a prior agreement concluded between at least two-thirds of the producers of the product bearing a geographical indication, accounting for at least two-thirds of the production of that product in the geographical area referred to in the product specification. As an exception, an authority, as referred to in Article 8 (2), and a single producer, as referred to in Article 8(3), shall be deemed to be a recognised producer group.</i></p> <p>3. In addition to the powers and responsibilities referred to in Article 32(2), a recognised producer group may exercise the following powers and responsibilities:</p>	<p>1. Upon a request of producer groups Member States shall designate, in accordance with their national law, one producer group as recognised producer group for <i>one or several geographical indications originating in their territory.</i></p> <p>2. A producer group may be designated as recognised producer group <i>if:</i></p> <p class="list-item-l1">(a) <i>it has a minimum number of members and/or covers a minimum volume or value of marketable production, to be laid down by the Member State concerned, in the area where it operates. Such provisions shall not prevent the recognition of producer groups which are dedicated to small-scale production; (aa) it does not weaken possible other existing geographical indications or designations of origin;</i></p> <p class="list-item-l1">(b) <i>it provides sufficient evidence that it can carry out its activities, both over time and in terms of efficiency, with regard to providing human, material and technical support to its members;</i></p> <p class="list-item-l1">(c) <i>it exercises its powers and responsibilities in accordance with the criteria of fair and balanced representation of the categories of operators involved in the production process that are established, or to be established, by the Member State concerned, in order to avoid exclusion and allow for the democratic governance of the recognised group.</i></p> <p>3. In addition to the powers and responsibilities referred to in Article 32(2), a recognised producer group may exercise the following powers and responsibilities:</p>

Text proposed by the European Commission	CoR amendment
<p>(a) to liaise with intellectual property enforcement and anti-counterfeit bodies and participate in intellectual property enforcement networks as the geographical indication right holder;</p> <p>(b) to take enforcement actions, including filing applications for actions with custom authorities, to prevent or counter any measures which are, or risk being, detrimental to the image of their products;</p> <p>(c) to recommend to the national authorities binding rules to be adopted in accordance with Article 166a of Regulation (EU) No 1308/2013 for the regulation of the supply of products designated by a geographical indication;</p> <p>(d) with a view to protecting the geographical indication in the internet domain name systems outside the jurisdiction of the Union, to register an individual, collective or certification trade mark depending on the trade mark system concerned, containing, as one of its prominent elements, a geographical indication and restricted to products conforming to the corresponding product specification.</p>	<p>(a) to liaise with intellectual property enforcement and anti-counterfeit bodies and participate in intellectual property enforcement networks as the geographical indication right holder;</p> <p>(b) to take enforcement actions, including filing applications for actions with custom authorities, to prevent or counter any measures which are, or risk being, detrimental to the image of their products;</p> <p>(c) to recommend to the national authorities binding rules to be adopted in accordance with Article 166a of Regulation (EU) No 1308/2013 for the regulation of the supply of products designated by a geographical indication;</p> <p>(d) with a view to protecting the geographical indication in the internet domain name systems outside the jurisdiction of the Union, to register an individual, collective or certification trade mark depending on the trade mark system concerned, containing, as one of its prominent elements, a geographical indication and restricted to products conforming to the corresponding product specification;</p> <p>(e) <i>to establish standard value-sharing clauses within the meaning of Article 172a of Regulation (EU) No 1308/2013, including market premiums and losses, by determining any changes in the relevant market prices of the products concerned or of other goods;</i></p> <p>(f) <i>to lay down rules concerning the use of their GI product as an ingredient, in particular: i) to establish minimum conditions for the use of their GI product as an ingredient; ii) to request a financial contribution or reimbursement from the processor using the GI as an ingredient; iii) to carry out monitoring and supervision activities throughout the EU single market;</i></p> <p>(g) <u><i>to be consulted by the European Commission in the context of negotiations on international trade agreements as regards the protection of their names.</i></u></p>
<p>4. <i>The powers and responsibilities referred to in paragraph 2 shall be subject to a prior agreement concluded between at least two-thirds of the producers of the product designated by a geographical indication, accounting for at least two-thirds of the production of that product in the geographical area referred to in the product specification.</i></p> <p>5. Member States shall carry out checks in order to ensure that the conditions laid down in paragraph 2 are complied with. Where the competent national authorities find that such conditions have not been complied with, Member States shall annul the decision on the recognition of the producer group.</p>	<p>4. Member States shall carry out checks in order to ensure that the conditions laid down in paragraph 2 are complied with. Where the competent national authorities find that such conditions have not been complied with, Member States shall annul the decision on the recognition of the producer group.</p>

Reason

The current wording does not take into account the diversity of legal situations in the Member States. The legislative proposal should set out general principles on how a group of GIs can be recognised by a Member State so that national specificities, as well as differences between sectors, are taken into account. Lastly, it is essential that the representativeness criteria of the recognised group ensure balanced decision-making between the different members of the group.

Amendment 35

Article 33, new point 6

Text proposed by the European Commission	CoR amendment
	<p>6. In duly justified cases, Member States may decide, on the basis of objective and non-discriminatory criteria, that the conditions set out in paragraph 1 have been met for producer groups already recognised at national level on the basis of national rules in force before the date of entry into force of this Regulation, and that this is not detrimental to the proper functioning of the internal market.</p>

Reason

Some Member States already have a system with recognised producer groups.

Amendment 36

Article 34(1)

Text proposed by the European Commission	CoR amendment
<p>1. Country-code top-level domain name registries established in the Union may, upon the request of a natural or legal person having a legitimate interest or rights, revoke or transfer a domain name registered under such country-code top-level domain to the recognised producer group of the products with the geographical indication concerned, following an appropriate alternative dispute resolution procedure or judicial procedure, if such domain name has been registered by its holder without rights or legitimate interest in the geographical indication or if it has been registered or is being used in bad faith and its use contravenes Article 27.</p>	<p>1. The following obligations shall apply to core platform services provided or offered by gatekeepers to end users, established or located in the Union, and to business users, irrespective of the place of establishment or residence of the gatekeepers or business users and irrespective of the law otherwise applicable to the provision of services, in accordance with Article 1 of Regulation 2022/xxx.</p> <p>Domain name registries must automatically or, upon the request of a natural or legal person having a legitimate interest or rights, revoke or transfer a domain name registered to the recognised producer group of the products with the geographical indication concerned, or to the Member State of origin of the geographical indication concerned, following an appropriate alternative dispute resolution procedure or judicial procedure, if such domain name has been registered by its holder without rights or legitimate interest in the geographical indication or if it has been registered or is being used in bad faith and its use contravenes Article 27.</p>

Reason

Article 34 only covers the country-code top-level domains (ccTLDs) in the EU. This provision does not apply to non-ccTLD domain names. It is therefore appropriate to align the wording with that of the Digital Markets Act.

Amendment 37

Article 34(2)

Text proposed by the European Commission	CoR amendment
2. Country-code top-level domain name registries established in the Union shall ensure that any alternative dispute resolution procedure established to solve disputes relating to the registration of domain names referred to in paragraph (1), shall recognise geographical indications as rights that may prevent a domain name from being registered or used in bad faith.	2. Domain name registries shall ensure that any alternative dispute resolution procedure established to solve disputes relating to the registration of domain names referred to in paragraph (1), shall recognise geographical indications as rights that may prevent a domain name from being registered or used in bad faith.

Amendment 38

New article after Article 45

Text proposed by the European Commission	CoR amendment
	<p>1. <i>EUIPO may participate in the functioning of the EU's geographical indications system by providing technical assistance to the European Commission under the circumstances, and in the manner, provided for in this Regulation, without exceeding its area of competence in the field of intellectual property rights.</i></p> <p>2. <i>The involvement of EUIPO must not lead to extra procedures or to such procedures taking longer.</i></p> <p>3. <i>EUIPO may support the European Commission in carrying out the following tasks:</i></p> <p>(a) <i>assistance on intellectual property aspects in the scrutiny of applications as part of procedures for registering and amending geographical indications, as well as opposition procedures;</i></p> <p>(b) <i>publication of standard amendments for a product specification;</i></p> <p>(c) <i>protection of geographical indications, including on the internet;</i></p> <p>(d) <i>operation of the GI register;</i></p> <p>(e) <i>establishment and management of an alert system informing applicants of the availability of their geographical indication as a domain name.</i></p>

Reason

Chapter 5 of the proposal for a Regulation is the appropriate place to better clarify and list in a transparent way the types of tasks that EUIPO can assist the Commission with. EUIPO could therefore supplement DG AGRI's competences in the area of agriculture and rural development by providing expertise on IPR.

Amendment 39

Article 47

Text proposed by the European Commission	CoR amendment
<p>1. Where the Commission <i>exercises any of the empowerments provided for in this Regulation to entrust tasks to EUIPO</i>, it shall <i>also</i> be empowered to adopt delegated acts in accordance with Article 84 to supplement this Regulation by criteria for monitoring performance in the execution of such tasks. Such criteria may include:</p> <p>(a) <i>the extent of integration of agricultural factors in the scrutiny process;</i></p> <p>(b) quality of assessments;</p> <p>(c) coherence of assessments of geographical indications from different sources;</p> <p>(d) efficiency of tasks; <i>and</i></p> <p>(e) user satisfaction.</p> <p>2. No later than 5 years after the first delegation of any tasks to EUIPO, the Commission shall prepare and submit a report to the European Parliament and to the Council on the results and experience of the exercise of these tasks by EUIPO.</p>	<p>1. Where the Commission <i>calls on the assistance of EUIPO to carry out the tasks mentioned</i>, it shall be empowered to adopt delegated acts in accordance with Article 84 to supplement this Regulation by criteria for monitoring performance in the execution of such tasks. Such criteria may include:</p> <p>(a) quality of assessments;</p> <p>(b) coherence of assessments of geographical indications from different sources;</p> <p>(c) efficiency of tasks;</p> <p>(d) <i>reducing processing time for the scrutiny of applications; and</i></p> <p>(e) user satisfaction.</p> <p>2. No later than 5 years after the first delegation of any tasks to EUIPO, the Commission shall prepare and submit a report to the European Parliament and to the Council on the results and experience of the exercise of these tasks by EUIPO.</p>

Reason

EUIPO's contribution to the performance of these tasks will be limited to IPR aspects and its involvement will also have to be assessed in terms of how much it reduces the duration of procedures.

Amendment 40

Article 48(3)

Text proposed by the European Commission	CoR amendment
<p>3. The following agricultural products are excluded from being the subject of a protected designation of origin or a protected geographical indication:</p>	<p>3. The following agricultural products are excluded from being the subject of a protected designation of origin or a protected geographical indication:</p>

Text proposed by the European Commission	CoR amendment
<p>(a) <i>products that by their nature cannot be traded within the internal market and can only be consumed in or near their place of manufacture, such as restaurants;</i></p> <p>(b) products that, without prejudice to the rules referred to in Article 5(2), are contrary to public policy or to accepted principles of morality and may not be placed on the internal market.</p>	<p>products that, without prejudice to the rules referred to in Article 5(2), are contrary to public policy or to accepted principles of morality and may not be placed on the internal market.</p>

Reason

Given that the type of products that could be excluded is not clearly defined, this article could constitute a discriminatory provision.

Amendment 41

Article 60

Text proposed by the European Commission	CoR amendment
<p>2. The scrutiny <i>should</i> not exceed a period of 6 months. In the event that the scrutiny period exceeds or is likely to exceed 6 months the Commission shall inform the applicant of the reasons for the delay in writing.</p>	<p>2. The scrutiny <i>must</i> not exceed a period of 6 months. In the event that the scrutiny period exceeds or is likely to exceed 6 months the Commission <i>must</i> inform the applicant of the reasons for the delay in writing.</p>

Reason

The Commission tends not to comply with the six-month deadline laid down in the Regulation. It must be specified that the scrutiny period must not exceed six months.

Amendment 42

Article 84

Text proposed by the European Commission	CoR amendment
<p>2. The power to adopt delegated acts referred to in Article 12(4), Article 14(2), Article 15(6), Article 17(5), Article 19(10), Article 23(7), Article 25(10), Article 26(6), Article 28(3), Article 29(3), Article 34(3), Article 46(1), Article 46, Article 47(1), Article 48(6), Article 48(7), Article 49(4), Article 51(3), Article 55(5), Article 56(2), Article 73(10), Article 69(4), Article 70(2), Article 58(3), Article 62(10), Article 67(3), Article 68(6), Article 76(4), Article 77(1), Article 78(3), Article 78(4), shall be conferred on the Commission for a period of 7 years from [date of entry into force of this Regulation]. The Commission shall draw up a report in respect of the delegation of power not later than 9 months before the end of the seven-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than 3 months before the end of each period.</p>	<p>2. The power to adopt delegated acts referred to in Article 15(6), Article 23(7), Article 25(10), Article 34(3), Article 46(1), Article 46, Article 47(1), Article 48(6), Article 48(7), Article 49(4), Article 51(3), Article 55(5), Article 56(2), Article 73(10), Article 69(4), Article 70(2), Article 58(3), Article 62(10), Article 67(3), Article 68(6), Article 76(4), Article 77(1), Article 78(3), Article 78(4), shall be conferred on the Commission for a period of 7 years from [date of entry into force of this Regulation]. The Commission shall draw up a report in respect of the delegation of power not later than 9 months before the end of the seven-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than 3 months before the end of each period.</p>

Reason

The text would give the EC wide freedom to make changes to GI policy through delegated acts. This is not acceptable, as the key issues need to be laid down in the text of the Regulation and by the co-decision procedure.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS,

1. welcomes the legislative proposal of the European Commission and urges the European Parliament and the Council to take into account the significant improvements to the geographical indications (GIs) system introduced by the recent reform of the Common Agricultural Policy (CAP);
2. points out that GIs are a fundamental component of rural development policy and have an impact on the economic and social activity of the regions;
3. in this respect, regrets that the proposed regulation has relegated to the recitals the reference to achieving the objectives of rural development policy, whereas this reference previously appeared in Article 1 of the Regulation;
4. supports the establishment of a single set of procedural rules for all sectors, with a view to ensuring consistency and making the GI system clearer, while recommending that no further steps be taken, in order to maintain the specificities of each sector;
5. supports the proposal to add the possibility of regional or local public bodies helping in the preparation of the application and the registration procedure for GIs in order to formalise regions' contributions to the preparation and preliminary stages of the registration process for GIs;
6. points out that GIs should not be viewed only as intellectual property rights (IPR), since they are also rural development tools;
7. considers, therefore, that given its expertise in agriculture and rural development, DG AGRI should continue to handle the scrutiny of applications for registration, opposition and cancellation of GIs, as well as amendments to the specifications;
8. considers that the European Union Intellectual Property Office (EUIPO), given its technical expertise on IPR and its resources, could be involved in the functioning of the EU GI system by providing technical assistance to the European Commission in cases relating to intellectual property, and in a manner to be clearly defined in the legislative proposal and not through delegated acts;
9. stresses that EUIPO's involvement in the registration, amendment of specifications and opposition procedures must be limited to its area of competence in the field of intellectual property rights and must not lead to extra procedures or such procedures becoming longer;
10. notes, however, that according to the Court of Auditors' report ⁽²⁾, EUIPO's intervention did not reduce the duration of the proceedings;
11. stresses the importance of providing clear deadlines and speeding up procedures for amending specifications, which have a huge impact on the adoption of production process adjustments;
12. notes also that EUIPO has developed real expertise in the field of geographical indications and has very effective tools that could be very useful for monitoring and promoting geographical indications and combating fraud;
13. recommends that a review be made of this partial transfer of competence within two years and in the light of EUIPO taking over full responsibility for registering non-agricultural GIs, in order to see whether any amendments are needed to the Regulation;
14. given the territorial dimension of GIs, it would be advisable to involve the Committee of the Regions in the evaluation system;

⁽²⁾ Special report 06/2022 on EU intellectual property rights — Protection not fully waterproof

15. recognises the contribution of GIs to environmental, social and economic sustainability, through their close link with the territory of origin, as well as to diverse and balanced diets;
16. approves of the inclusion of voluntary sustainability undertakings in GIs, the definition of which should be clarified in the Regulation, giving producer groups the possibility to adapt sustainability standards according to their territories;
17. welcomes the European Commission's ambition to encourage GI producers to work together effectively within producer groups and to give such groups more powers, since strong collective governance is at the heart of the GI system;
18. regrets that, as formulated, by providing for two levels of representativeness the European Commission's proposal creates a lot of confusion as to the different producer groups, their powers and their responsibilities, and considers that the current wording does not take into account the diversity of legal situations in the Member States;
19. supports improving the protection of GIs on the internet, in particular with regard to sales on online platforms, and protection against bad-faith registration and use of GIs in the domain name system;
20. supports the clarifications made concerning GIs used as ingredients;
21. given the fact that GIs represent a sales value of EUR 74,76 billion and 15,5 % of total EU agri-food exports, recommends that they continue to be protected in trade agreements;
22. given the fact that small and medium-sized GIs account for 48 % of the total number of GIs in the EU, but only 0,5 % of the total value of sales under GIs ⁽³⁾, recommends adequate support to enable producers to deal with production costs and thus avoid them giving up on certification;
23. considers that, within the optional quality terms (OQT), it may be useful to keep the possibility of reintroducing the term 'product of island farming' and to consider introducing a reference to 'milk, cheese and meat from grazing' for products that ensure that more than 80 % of the feed comes from pasture throughout the grazing season;
24. recommends speeding up the implementation of the 'mountain products' OQT, reminding the Member States of the opportunities offered by this term, and monitoring its implementation;
25. recognises that GIs can also be a key factor in obtaining a UNESCO World Heritage label ⁽⁴⁾ and, in order to promote rural areas, recommends synergy be created between these two labels, enabling cultural heritage to add value to agricultural value chains and thus to the whole economy of the territory.

Brussels, 30 November 2022.

*The President
of the European Committee of the Regions*
Vasco ALVES CORDEIRO

⁽³⁾ European Commission (February 2021), 'Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialties guaranteed (TSGs)'.

⁽⁴⁾ European Committee of the Regions (March 2022), 'How can local and regional authorities use World Heritage agricultural landscapes as a tool for enhancing the economic and social sustainability of rural areas? Case studies and recommendations for successful knowledge transfer'.

Opinion of the European Committee of the Regions on the next generation of own resources for the EU budget

(2023/C 79/12)

Rapporteur:	Nathalie SARRABEZOLLES (FR/PES), Councillor of the Finistère Departmental Council
Reference documents:	<p>Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — The next generation of own resources for the EU Budget</p> <p>COM(2021) 566 final</p> <p>Proposal for a Council Decision amending Decision (EU, Euratom) 2020/2053 on the system of own resources of the European Union</p> <p>COM(2021) 570</p> <p>Proposal for a Council Regulation amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027</p> <p>COM(2021) 569</p>

I. RECOMMENDATIONS FOR AMENDMENTS

Proposal for a Council Decision amending Decision (EU, Euratom) 2020/2053 on the system of own resources of the European Union

COM(2021) 570

Amendment 1

Recital 3

Text proposed by the European Commission	CoR amendment
The EU Emissions Trading System, established by Directive 2003/87/EC of the European Parliament and of the Council (*), is a central part of the climate policy of the Union. Considering the close link of emissions trading to the climate policy objectives of the Union, it is appropriate to allocate a share of the revenues concerned to the Union budget.	The EU Emissions Trading System, established by Directive 2003/87/EC of the European Parliament and of the Council (*), is a central part of the climate policy of the Union. Considering the close link of emissions trading to the climate policy objectives of the Union as well as the cross-border nature of carbon emissions , it might be appropriate to consider allocating a share of the revenues concerned to the Union budget, under the strict conditions that: (1) it will not affect negatively the financial capacity of national authorities to fulfil the objectives of the Green Deal;

Reason

Shifting revenues from the ETS from Member State to EU level could reduce the capacity of Member States to invest in climate change measures due to smaller revenues.

Amendment 2

Recital 5

Text proposed by the European Commission	CoR amendment
<p>To avoid an excessively regressive impact on contributions from the emissions trading, a maximum contribution should be established for eligible Member States. For the period from 2023 to 2027, Member States are eligible if the gross national income per capita, measured in purchasing power standard and calculated on the basis of Union figures for 2020 is below 90 % of the EU average. For the period from 2028 to 2030, the gross national income per capita in 2025 should be used. The maximum contribution should be established by comparing Member States' shares in the total emission trading based own resource with the shares of those Member States in the Union gross national income. A minimum contribution should be established for all Member States if their share of the total amount of ETS-based own resources is lower than 75 % of their share in the Union gross national income.</p>	<p>To avoid an excessively regressive impact on contributions from the emissions trading, a maximum contribution should be established for eligible Member States. For the period from 2023 to 2027, Member States are eligible if the gross national income per capita, measured in purchasing power standard and calculated on the basis of Union figures for the period 2018-2020, is below 90 % of the EU average. For the period from 2028 to 2030, the gross national income per capita in the period 2023-2025 should be used. The maximum contribution should be established by comparing Member States' shares in the total emission trading based own resource with the shares of those Member States in the Union gross national income. A minimum contribution should be established for all Member States if their share of the total amount of ETS-based own resources is lower than 75 % of their share in the Union gross national income.</p>

Reason

The common practice in cohesion policy is to use GNI figures for an average of three years to classify regions and Member States as more developed, less developed or in transition. We propose adopting this method to calculate the rebate mechanism applied to the ETS-based own resource.

Amendment 3

Recital 6

Text proposed by the European Commission	CoR amendment
<p>Regulation (EU) [XXX] of the European Parliament and of the Council¹⁵ establishes a carbon border adjustment mechanism to complement the EU Emissions Trading System and to ensure the effectiveness of the climate policy of the Union. Considering the close link of the carbon border adjustment mechanism to the Union's climate policy, a share of the revenues from the sale of certificates should be transferred to the Union budget as an own resource.</p>	<p>Regulation (EU) [XXX] of the European Parliament and of the Council¹⁵ establishes a carbon border adjustment mechanism to complement the EU Emissions Trading System and to ensure the effectiveness of the climate policy of the Union. Considering the close link of the carbon border adjustment mechanism to the Union's climate policy as well as the cross-border nature of carbon emissions and industrial value chains, a share of the revenues from the sale of certificates should be transferred to the Union budget as an own resource.</p>

Reason

The cross-border nature of carbon emissions and industrial value chains makes it difficult to attribute the revenues from the CBAM to individual Member States and constitutes a strong argument in favour of allocating the revenues at EU level.

Amendment 4

Recital 7

Text proposed by the European Commission	CoR amendment
In October 2021, the Organisation for Economic Co-operation and Development and the G20 Inclusive Framework on Base Erosion and Profit Shifting reached an agreement on the allocation to participating market jurisdictions of 25 % of residual profits of large multinational enterprises above the profitability threshold of 10 % ('OECD/G20 IF Pillar 1 Agreement'). The own resource should consist in applying a uniform call rate to the share of residual profits of the multinational enterprises, re- allocated to Member States [pursuant to the Directive on implementation of the global agreement on re-allocation of taxing rights.]	In October 2021, the Organisation for Economic Co-operation and Development and the G20 Inclusive Framework on Base Erosion and Profit Shifting reached an agreement on the allocation to participating market jurisdictions of 25 % of residual profits of large multinational enterprises above the profitability threshold of 10 % ('OECD/G20 IF Pillar 1 Agreement'). The own resource should consist in applying a uniform call rate to the share of residual profits of the multinational enterprises, re- allocated to Member States [pursuant to the entry into force of the multilateral convention and the Directive on implementation of the global agreement on re-allocation of taxing rights.]

Reason

There is a need to specify that the establishment of this new own resource depends on the conclusion of the multilateral convention aimed at operationalising Pillar One of the OECD/G20 agreement.

Amendment 5

Article 1

Amend point (1)(d)

Text proposed by the European Commission	CoR amendment
<p>2a. By way of derogation from paragraph 1, point (e), the following shall apply until the financial year 2030:</p> <p>(a) where a Member State's share in the total amount of revenue resulting from the application of paragraph 1, point (e), is lower than 75 % of its share in the Union gross national income, that Member State shall make available an amount that is equal to 75 % of that gross national income share, multiplied by the total amount of revenue resulting from the application of paragraph 1, point (e).</p> <p>(b) a Member State's share in the total amount of revenue resulting from the application of paragraph 1, point (e), shall not be higher than 150 % of that Member State's share in the Union gross national income for Member States with a gross national income per capita below 90 % of the Union's average, measured in purchasing power standard and calculated on the basis of the figures for 2020, for the period from 2023 to 2027, and on the basis of the figures for 2025, for the period from 2028 to 2030.</p>	<p>2a. By way of derogation from paragraph 1, point (e), the following shall apply until the financial year 2030:</p> <p>(a) where a Member State's share in the total amount of revenue resulting from the application of paragraph 1, point (e), is lower than 75 % of its share in the Union gross national income, that Member State shall make available an amount that is equal to 75 % of that gross national income share, multiplied by the total amount of revenue resulting from the application of paragraph 1, point (e).</p> <p>(b) a Member State's share in the total amount of revenue resulting from the application of paragraph 1, point (e), shall not be higher than 150 % of that Member State's share in the Union gross national income for Member States with a gross national income per capita below 90 % of the Union's average, measured in purchasing power standard and calculated on the basis of the figures for 2018-2020, for the period from 2023 to 2027, and on the basis of the figures for 2023-2025, for the period from 2028 to 2030.</p>

Reason

The common practice in cohesion policy is to use GNI figures for an average of three years to classify regions and Member States as more developed, less developed or in transition. We propose adopting this method to calculate the rebate mechanism applied to the ETS-based own resource.

Proposal for a Council Regulation amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027

COM(2021) 569

Amendment 6

Recital 3

Text proposed by the European Commission	CoR amendment
The introduction of EU emissions trading for the buildings and road transport sectors, as set out in Directive 2003/87/EC of the European Parliament and of the Council ¹⁴ , may give rise to short term social impacts. To address this challenge, Regulation (EU) [XXX] final of the European Parliament and of the Council established ¹⁵ a Social Climate Fund, to be financed by the general budget of the Union under the multiannual financial framework. The ceiling for commitment appropriations of heading 3, 'Natural Resources and Environment', and the ceiling for payment appropriations should therefore be adapted for the years 2025, 2026 and 2027 .	The introduction of EU emissions trading for the buildings and road transport sectors, as set out in Directive 2003/87/EC of the European Parliament and of the Council ¹⁴ , may give rise to short term social impacts. To address this challenge, Regulation (EU) [XXX] final of the European Parliament and of the Council ¹⁵ established a Social Climate Fund, to be financed by the general budget of the Union under the multiannual financial framework. The ceiling for commitment appropriations of heading 3, 'Natural Resources and Environment', and the ceiling for payment appropriations should therefore be adapted for the years 2024, 2025, 2026 and 2027

Reason

The Social Climate Fund should start a year earlier than the expansion of the ETS to the transport and building sector in order to give vulnerable households, micro and small enterprises and mobility users sufficient time to adapt.

Amendment 7

New recital after recital 3

Text proposed by the European Commission	CoR amendment
	<i>It is appropriate to introduce an automatic 'carbon price fluctuation adjustment' for the ceiling of heading 3 to allow annual reinforcements of appropriations for the Social Climate Fund in the event of higher carbon prices in the mobility and building sectors.</i>

Reason

There is a need to ensure that the budget of the Social Climate Fund is reinforced in the event that the carbon price in the ETS2 sectors is higher than the initial Commission assumptions.

Amendment 8

Article 1, new (3) inserting article 4b

Text proposed by the European Commission	CoR amendment
	<p>4b is inserted:</p> <p>‘Article 4b</p> <p>Carbon-price adjustment mechanism</p> <p>1. Starting in 2024, after the submission of the provisional accounts of the year n-1 in accordance with Article 245(3) of the Financial Regulation, an upward adjustment to the expenditure ceiling for commitment appropriations of heading 3 and to the ceiling for payment appropriations for the current year shall be made in the event that the carbon price in the ETS2 sectors is higher than the initial Commission assumptions.</p> <p>2. The annual adjustment will be calculated on the basis of the EU-27 average level of ETS2 carbon price in year - 1.’</p>

Reason

There is a need to ensure that the budget of the Social Climate Fund is reinforced in the event that the carbon price in the ETS2 sectors is higher than the initial Commission assumptions.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR)

1. notes the Commission’s proposal to introduce three new own resources for the EU budget, but remains deeply worried about the lack of credible impact assessment as to incurred costs of these measures for European companies and consumers;
2. stresses the need to establish new resources not only to repay the NGEU debt but also to increase the EU budget’s financial autonomy in a permanent way and to reduce Member States’ incentives to adopt a ‘just retour’ mindset; the own resources should be established in a sustainable way for the Member States’ budgets;
3. observes that the first own resource on non-recycled packaging waste, in place since 1 January 2021, is not earmarked to be invested directly into the re-use and recycling of plastic waste; calls for increased EU ambitions to reduce the use of plastic and plastic recycling.
4. notes that the introduction of a first basket of new own resources in 2023, in line with the roadmap established in the Interinstitutional Agreement of 16 December 2021, will send a positive message to investors on the financial markets and rating agencies; recalls that sufficient proceeds from new own resources are essential to guarantee the repayment of the NGEU debt without jeopardizing EU programmes in the next MFF.

A Carbon Border Adjustment Mechanism

5. supports the proposal for the establishment of a Carbon Border Adjustment Mechanism (CBAM) to stimulate global climate action. The CBAM should be embedded into a broader EU industrial strategy on transitions;

6. points out that income from the carbon market and from a carbon border levy may decrease over time as the European economy decarbonises and other third countries progressively adopt similar carbon price mechanisms;
7. recognises the mechanism as a useful tool for the EU to help reduce CO₂ emissions globally, however it raises a number of concerns, such as the unforeseeable impact of the mechanism on EU markets, including SMEs and farming. The European Commission has to step up monitoring and reporting to the Parliament and Council on the implementation of the mechanism and its impact on the markets;
8. stresses that the ETS allocations ⁽¹⁾ should be abolished gradually for sectors covered by the CBAM and replaced by auctions for all emission allowances to ensure WTO compatibility in the long term;

A new ETS-based own resource

9. supports the proposal to create new own resources based on a reformed EU Emission Trading System (ETS); stresses that the cross-border nature of carbon emissions, which are associated with negative externalities not restricted to the emitting countries, provides a strong rationale for allocating auction revenues from ETS certificates to the EU level; underlines that this must not affect negatively the ability of Member States to finance their national climate change programmes;
10. it is essential to mitigate the social and territorial negative effects of enlarging the ETS to the buildings and transport sector (ETS 2). The CoR believes that the Commission's proposal to set up a Social Climate Fund (SCF) financed by an amount equivalent to 25 % of the receipts from ETS2 would be entirely insufficient to compensate for the vast scale of home renovations and road transport electrification. The CoR stresses the importance of having local and regional authorities fully involved in the management of ETS resources and in the management of the Social Climate Fund. The CoR recommends integrating the Social Climate Fund into the Common Provisions Regulation of the cohesion policy in order to simplify its management on the ground for managing authorities and beneficiaries. Priority should be given to making existing investment and cohesion tools work better and faster instead of setting up new funds that duplicate existing mechanisms and objectives with different rules and with the risk of bypassing current rules on the eligibility of energy sources;
11. believes that in order to cope with technological, regulatory and market change, the CBAM should be dynamic and its sectoral scope and emission coverage should be regularly reviewed, taking into account the local and regional impact of the mechanism; stands ready to support the assessment of the territorial impacts of CBAM;
12. supports the idea of financing the SCF through own resources instead of earmarking the proceeds of ETS2 via assigned revenues; notes that an earmarking mechanism would make long-term planning difficult as the annual amounts would be unpredictable and volatile;
13. draws attention to the fact that the ETS-based own resource will constitute 71 % of the total proceeds from this first basket of new own resources. Maintaining an ETS-based own resource is therefore key for the credibility of the package.
14. is worried, however, that the volume of resources for the SCF may be insufficient in the event of very high carbon prices. The CoR supports the idea ⁽²⁾ of creating an automatic 'carbon price fluctuation adjustment' to reinforce the annual SCF budget in the event of higher carbon prices in the ETS2 sectors;
15. considers that the Social Climate Fund should start in 2024, one year before the implementation of the ETS on road transport and the building sectors in order to give vulnerable households, micro and small enterprises and mobility users — especially those facing mobility poverty — sufficient time to adapt;

⁽¹⁾ Under the EU Emissions Trading System, companies need to obtain emission allowances covering their carbon emissions. Free allocation is set as a transitional method of allocating allowances in contrast to the default method (auctioning). However, allowances allocated for free continue to represent more than 40 % of the total number of available allowances.

⁽²⁾ Draft Opinion of the Committee on Budgets on the proposal for a Regulation of the European Parliament and of the Council establishing a Social Climate Fund (COM(2021) 568 — C9-0324/2021 — 2021/206 (COD), 9.2.2022.

An own resource based on the OECD/G20 'Pillar One' agreement

16. welcomes the Commission's proposal to create a new own resource based on 'Pillar One' of the OECD/G20 international tax agreement; notes, however, that the establishment of this new own resource depends on the successful finalisation of the OECD/G20 Multilateral Convention in the course of 2022;

17. urges the Commission to prepare for the event that major jurisdictions, and particularly the US, do not ratify the agreement; considers that, in such a case, the EU should move forward and propose an EU Digital Service Tax that would work as an interim solution until a more global solution to taxing large multinationals is established;

18. recalls that the 2021 OECD/G20 agreement on global taxation foresaw the conclusion of the preparatory work on the MLC by early 2022; observes that progress in the implementation is stalling as the OECD has not yet finalised the text of the MLC; is worried that a political change in the US mid-term elections could jeopardise the US' capacity to sign and ratify the MLC.

Other possible own resources

19. points out that, overall, the three new own resources proposed will yield up to EUR 17 billion per year from 2026 to 2030 according to European Commission estimates; notes that this amount will be insufficient to cover both the costs of repaying the NGEU debt (EUR 15 billion/year) and finance the Social Climate Fund (EUR 9,7 billion/year); underlines, therefore, that additional new own resources will be needed; underlines the importance of territorial impact assessments and calls on the Commission to take this into account when presenting new own resources;

20. is concerned about the European Commission's proposal that Member States could redirect unspent funds from the European Structural and Investment Funds or the CAP to the REPowerEU plan, because it entails a risk of undermining cohesion in the EU; reaffirms that new policies should be financed by new financial means;

21. notes that the future reform of the EU budget system requires EU own resources that support the just transition to competitive circular economies. Requests the European Commission to consider the ExTax proposals for a shift in taxation from labour to pollution and resource use, as put forward in the European Green Deal. Such a 'taxshift' is based on applying the Polluter Pays Principle, as well as the principles of 'making work pay' and 'leaving no-one behind'. Applying such principles would align tax policies with the goals of The European Green Deal and the European Pillar of Social Rights Action Plan, amongst others;

22. urges the Commission to work on proposals for new own resources without delay; sees as very promising the idea of creating an own resource linked to major corporations, building on the 'Business in Europe: Framework for Income Taxation (BEFIT)' proposal planned for 2023; observes that, according to some studies, the implementation of the OECD/G20 agreement could lead to an increase in corporate tax revenue in Europe by more than EUR 80 billion/year⁽³⁾;

23. stresses that the European Commission intends to set up a 'RebuildUkraine' Facility, which is supposed to act as the main legal instrument for the EU's support in the reconstruction of Ukraine; highlights that new tasks require new financial sources and welcomes the European Commission's announcement in this respect that the additional needs created by the war are well beyond the means available in the current MFF and the commitment that new financing sources will need to be identified;

⁽³⁾ Barake, Mona et al 2021 Revenue Effects of the Global Minimum Tax: Country-by-Country Estimates, European Tax Observatory, note no 2, October 2021.

24. strongly welcomes that the Commission has accompanied the proposal for a new ETS scheme and the draft regulation establishing a CBAM with subsidiarity grids. The reasoning provided in relation to the European added value of the proposals and the roll-out of measures deriving from EU competencies in the area of climate change as defined in Articles 191 to 193 of the Treaty on the Functioning of the European Union (TFEU) meets the CoR's own assessment of full compatibility of the proposals with the subsidiarity principle.

Brussels, 30 November 2022.

*The President
of the European Committee of the Regions*
Vasco ALVES CORDEIRO

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