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I

(Resolutions, recommendations and opinions)

OPINIONS

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

580TH PLENARY SESSION OF THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE,
12.7.2023–13.7.2023

Opinion of the European Economic and Social Committee on a review of tax policy to shield low-income households and vulnerable groups from the negative effects of the green transition

(own-initiative opinion)

(2023/C 349/01)

Rapporteur: **Philip VON BROCKDORFF**

Plenary Assembly decision	25.1.2023
Legal basis	Rule 52(2) of the Rules of Procedure Own-initiative opinion
Section responsible	Economic and Monetary Union and Economic and Social Cohesion
Adopted in section	27.6.2023
Adopted at plenary	12.7.2023
Plenary session No	580
Outcome of vote (for/against/abstentions)	195/7/10

1. Conclusions and recommendations

1.1. The EESC observes that the impact of the green transition will not be uniform across the EU and will vary substantially from country to country, as well as among different regions within Member States. In view of this, Member States must pay attention to the social challenges caused by the transition to enhance its legitimacy, maintain stability and avert populist opposition.

1.2. The EESC considers that the Commission impact assessments carried out in support of several legislative acts concerning the green transition mainly take a general EU perspective, often lacking the depth required for a country-by-country and region-by-region approach needed to focus on the likely impact on local economies and communities (an exception is the proposal concerning the Energy Taxation Directive).

1.3. The EESC also deems that a more targeted analysis should provide highly relevant data regarding households affected by the green transition, thereby allowing governments to take more appropriate measures to mitigate the impact of the ongoing process on poorer and vulnerable households.

1.4. The EESC flags two main risks related to the green transition in terms of social and economic adverse implications and in particular: (i) growing income disparities; and (ii) the displacement of industrial sectors and related jobs.

1.5. The EESC therefore underlines the need to pursue a fair transition able to address both the employment and the distributional effects of a shift to climate neutrality. In this context, the EESC calls for redistributive measures capable of directing financial resources in favour of low-income households and vulnerable groups to minimise social exclusion, by avoiding further deepening of income inequalities during the ongoing process.

1.6. Provided that taxation relating to the green transition is within the remit of Member States, the EESC underlines the importance of national fiscal measures to make the green transition more sustainable and less impactful on the weakest parts of the population.

1.7. Hence, fiscal policy should consist of three components during the transition: the polluter pays principle with complementary redistributive measures in support low-income households; targeted income support; and tax credits on energy-saving home products. This approach would (i) support the purchase of electric vehicles; (ii) incentivise the adoption of green technologies in homes; and (iii) improve the energy efficiency of buildings (admittedly the revised Energy Tax Directive ⁽¹⁾ also aims to improve energy efficiency while protecting vulnerable groups). For the lowest income households who may have insufficient tax liability and may not benefit from tax credits, the recommended optimal measure is income support.

1.8. The EESC also believes that the distribution of vouchers by the state allowing purchases and investments in green technologies and products could help in supporting vulnerable groups during the transition.

1.9. The case of tax credits for individuals who purchase electric vehicles (EVs) implemented in the Netherlands is a good example of incentivising the purchase of environmental-friendly vehicles while minimising possible distortion caused by subsidies which often benefit suppliers at the expense of consumers ⁽²⁾.

1.10. The EESC also considers that the experience of Member States such as Germany, France, and Italy, which have implemented lower VAT rates for energy-efficient products, energy-efficient technology and home renovations aimed at increasing the energy efficiency of buildings, could be explored. However, VAT is by definition not progressive. To tailor such an approach to low-income households, flanking measures such as lump-sum compensation may be required to encourage take-up among these households. Moreover, the EESC points out that energy communities (Directive (EU) 2019/944 ⁽³⁾) and renewable energy communities (Directive (EU) 2018/2001 ⁽⁴⁾) may become a key tool to help citizens and vulnerable groups cope with the green transition.

1.11. The EESC underlines the strategic role of the Just Transition Fund (JTF). This financial instrument should be effectively aimed at tackling the socio-economic impact of the transition on EU economies currently relying heavily on fossil fuels or greenhouse gas-intensive activities and, above all, at smoothing the transition for workers and households impacted by the current change.

1.12. As already pointed out in previous opinions, the EESC remarks that the Just Transition Fund, even if strategic, may not be enough to support the ongoing economic change and should therefore be supplemented by an adequately funded Social Climate Fund (SCF).

⁽¹⁾ Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity (OJ L 283, 31.10.2003, p. 51).

⁽²⁾ The Netherlands incentivises the purchase of environmental-friendly vehicles. According to a report by the Climate Group, subsidies of up to EUR 4 000 are available for the purchase or lease of new battery electric passenger cars, and EUR 5 000 for vans. There are also competitive tax incentives such as low road tax (MRB), no purchase tax (BPM) and no tax for private use/benefit. See Netherlands: Taking action on zero emission vehicles.

⁽³⁾ Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU (OJ L 158, 14.6.2019, p. 125).

⁽⁴⁾ Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82).

2. Introduction and context

2.1. The green transition is a huge challenge for the EU and for future generations, particularly with the protracted war in Ukraine causing economic uncertainty both in general terms and with specific regard to the energy sector. The EESC considers that, for the transition to succeed, social consensus is deemed necessary, and this can only be achieved if support measures are effectively implemented across the EU and populist opposition is averted.

2.2. The EESC recalls that the Green Deal increased the EU's 2030 greenhouse gas emissions reduction target from 40 % to at least 55 % in relation to the 1990 levels, setting at the same time the target of climate neutrality by 2050.

2.3. The 'Fit for 55' package features a series of policy proposals for meeting the 2030 target, regarding which the EESC would like to put forward its contribution to advocate a green transition that is fully understood and shared by all the stakeholders involved, on the one hand, and not excessively damaging for households and vulnerable groups, on the other hand.

2.4. Taking for granted that the green transition will bring about substantial and much awaited benefits across the EU, the present opinion focuses on the likely adverse effects of the ongoing green transition in the short term with a specific focus on social exclusion and income inequalities, urging a fair transition that is able to be proportionate towards low-income households and vulnerable groups.

3. General and specific comments

3.1. The EESC observes that the implications of the green transition will not be uniform across the EU and, on the contrary, will actually vary substantially from country to country, or even among different regions and areas within Member States, depending on several economic and social variables.

3.2. In this respect, the EESC notes that regions with high dependency on carbon fossils are and will be especially vulnerable to the impact of the transition and to potential job losses. Therefore, the responses required to support social cohesion will need to be quite differentiated across Member States, or even from region to region, based on the differing local contexts in line with the subsidiarity principle. The EESC recognises, however, that the revised Energy Tax Directive proposes a 'transitional' period, and the possibility for Member States to exempt vulnerable households from heating taxation for 10 years after the implementation of the revised tax.

3.3. From a methodology perspective, the EESC believes that the impact assessment analyses carried out by the Commission so far mainly take a general EU perspective, lacking the depth required by a country-by-country and region-by-region approach able to focus on the likely impact of the transition on local economies and communities. In this respect, the proposal concerning the *Energy Taxation Directive* is an exception, since it was anticipated by a targeted micro analysis that should be more broadly embraced in implementing the Green Deal.

3.4. The EESC deems that a more targeted analysis, able to fully consider local specificities, should be useful in providing valuable information, especially regarding households affected by the green transition, thereby allowing governments to take appropriate measures to mitigate the impact of the ongoing process on poorer households and vulnerable groups who will face the most critical implications.

3.5. The EESC is of the view that there are two main risks related to the green transition in terms of social and economic adverse implications: (i) growing income disparities; and (ii) the displacement of industrial sectors and related jobs.

3.6. The EESC points out that the shift towards a climate-resilient and low-carbon economy is particularly challenging for low-income households and communities, especially in regions where the level of development lags behind the urban parts. Hence, it is paramount that the transition is supported by an appropriate range of fiscal measures, including financial support, to address the concerns expressed above.

3.7. Moreover, the EESC would like to flag possible additional burdens on the weakest parts of population caused by the transition with particular regard to the prices of commodities that could significantly increase during the transitional process. The transition could indeed push up energy and fuel prices for those who can least afford it, as the higher cost of carbon is factored in. Such an impact is particularly of concern within the current macro-economic context, where earlier this year several Member States' inflation rates were high ⁽⁵⁾.

⁽⁵⁾ The inflation rate has slowed down in recent weeks.

3.8. The EESC therefore advocates the need to pursue a fair transition that addresses both the employment and distributional effects of a shift to climate neutrality. Such an approach should be seen as an integral part of the green transition framework and not only as supplementary corrective measures.

3.9. The EESC underlines the need for redistributive measures allowing for financial resources to be directed towards assisting low-income households and vulnerable groups with the objective of averting social exclusion and the deepening of income inequalities. Such measures could, for example, take the form of environmental taxation based on the 'polluter pays principle', with income earners above an established threshold paying higher tariffs for consuming carbon-intensive energy.

3.10. Provided that, based on the subsidiarity principle, taxation relating to the green transition is within the remit of Member States, the EESC underlines the importance of fiscal measures adopted at the national level to make the green transition more sustainable and less impactful on vulnerable categories, possibly avoiding regressive effects that are often associated with environmental taxes.

3.11. The EESC considers that fiscal policy during the transition should consist of three components: the polluter pays principle with complementary redistributive measures to support low-income households; targeted income support; and tax credits for energy-saving home products. This approach would (i) support the purchase of electric vehicles; (ii) incentivise the adoption of green technologies in homes; and (iii) improve the energy efficiency of buildings. The EESC acknowledges, however, that the revised Energy Tax Directive also aims to improve energy efficiency while protecting vulnerable groups. For the lowest income households who may have insufficient tax liability and may not benefit from tax credits, the recommended optimal measure is income support.

3.12. The EESC also believes that the distribution of vouchers by the state for investing in green technologies and purchasing green products could help support vulnerable groups during the transition.

3.13. Fiscal measures for individuals who purchase electric vehicles (EVs) implemented in the Netherlands are a good example of incentivising the purchase of new generation, environmental-friendly vehicles, reducing possible distortions related to more widespread subsidies. The tax-friendly approach to EVs in the Netherlands is extended also to registration and road taxes, completing a favourable legal framework. In this respect, tax credits could be specifically targeted to low-income households of the population which are expected to struggle the most during the transition toward green technologies.

3.14. The EESC also considers that the experience of Member States such as Germany, France, and Italy, which have implemented lower VAT rates for energy-efficient products, energy-efficient technology and home renovations aimed at increasing the energy efficiency of buildings, could be further refined and explored. However, VAT is by definition not progressive. To tailor such an approach to low-income households, flanking measures such as lump-sum compensation may therefore be required to encourage take-up among these households.

3.15. The EESC underlines the importance of the Just Transition Fund, which cannot be understated. This financial instrument should be effectively aimed at tackling the socio-economic impact of the transition on EU economies currently relying heavily on fossil fuels or greenhouse gas-intensive industrial activities and, above all, at smoothening the transition for workers and households impacted by the change under development.

3.16. As already pointed out in its previous opinion on *Public sector loan facility and amendment to the Just Transition Fund* ⁽⁶⁾, the EESC remarks that the Just Transition Fund (JTF), though important, may not be enough to support the ongoing economic change in terms of its resources and scope. The JTF should therefore be supplemented by an adequately funded Social Climate Fund (SCF) as recommended in the EESC opinion on a *Climate Adjustment Fund financed by Cohesion and NGEU* ⁽⁷⁾.

⁽⁶⁾ Opinion of the European Economic and Social Committee on 'Proposal for a Regulation of the European Parliament and of the Council on the public sector loan facility under the Just Transition Mechanism' (COM(2020) 453 final — 2020/0100 (COD)) and on 'Amended proposal for a Regulation of the European Parliament and of the Council establishing the Just Transition Fund' (COM(2020) 460 final — 2020/0006 (COD)) (OJ C 429, 11.12.2020, p. 240).

⁽⁷⁾ Opinion of the European Economic and Social Committee on Climate Adjustment Fund financed by Cohesion and NGEU (own-initiative opinion) (OJ C 486, 21.12.2022, p. 23).

3.17. The EESC points out that the aim of such an additional fund should be to shield low income and vulnerable groups from the adverse impact of the transition, provided the SCF is coupled with good practices aimed at avoiding any widening of income inequalities in the first place. At the same time the EESC cautions that, in its current organisation and financial capability (not to mention the postponement of its implementation by one year), the SCF is unlikely to be enough to effectively support the most vulnerable parts of the population, as already highlighted by several stakeholders. To give an example, the cost of shifting from traditional to electric vehicles could prove too expensive, and hence too difficult, for low-income and vulnerable households without fiscal incentives or financial support ⁽⁸⁾.

3.18. The EESC therefore suggests that the responsible authorities at European and local level develop appropriate fiscal policies to mitigate the adverse consequences of the transition, without undermining the incentives for changes in terms of green investments and consumption required by the transitional process. Importantly, such mechanisms should be accompanied by measures to ensure inclusive governance and the active involvement of those most affected by the green transition. The EESC recognises, however, that the revised Energy Tax Directive includes transitional periods for taxation of selected products or investments for reducing energy consumption.

3.19. The EESC would like to remind all the institutions involved in the green transition of the importance of social dialogue and of the useful involvement of civil society at European, national, sectoral, and regional level. Social dialogue plays a crucial function in managing and facilitating the green transformation, ensuring a widespread involvement of all the interested stakeholders and, at the same time, protecting vulnerable groups and employment levels across the EU.

3.20. The EESC points out that progressive taxation, targeted welfare systems and appropriate social dialogue mechanisms are already in place in several European countries and, hence, the adoption and further strengthening of such policies might build on the existing good practices and prove to be a very useful tool to avert further widening of inequalities and social exclusion.

3.21. The EESC strongly believes that creating a wide understanding, as well as a political and social acceptance, of climate policies within European countries will be conducive to a stronger and better green transition which, on the contrary, is at risk of losing both legitimacy and strength should its burden and adverse implications fall disproportionately on poorer households.

3.22. In this respect, the EESC stresses that governments, in consultation with civil society, should try to reduce the impact of the green transition on employment in the more affected areas of the EU also by means of targeted and innovative labour-market policies, including training and educational programmes for workers in high carbon industries.

3.23. The EESC highlights the risk of growing regional disparities, due to the green transition process, between more advanced economies across the EU and those still heavily reliant on carbon-intensive industries. In the same vein, there could also be a deepening of disparities and competitive discrepancies across countries and between urban areas, on the one hand, and peripheral, rural and remote areas, on the other.

3.24. The EESC is of the view that the green transition calls for realising the climate objectives of the European Green Deal and pursuing the social fairness agenda of the European Pillar of Social Rights simultaneously. The green transition involves structural change (with change expected at both economic and social levels). To be successful, it must be accompanied by social measures, including social investment aimed at facilitating climate neutrality and at achieving a transition conducive to dynamic and competitive European businesses that can generate, for example, green jobs and economic growth.

3.25. The EESC therefore stresses the importance of enhanced collaboration across the EU, which should be developed based on an effective political and social dialogue with the aim of devising accompanying economic and social policies to support the ongoing transition, duly adapting it to the different social and economic conditions of the communities involved.

⁽⁸⁾ Joanna Gill, Can Europe's new Social Climate Fund protect poor from rising carbon cost?, Reuters, December 2022.

3.26. Such a collaborative approach should be embraced also with regard to European countries that are not members of the EU, in order to avoid the transfer of business and employment towards countries not pursuing a greener and more sustainable economic development like the one pursued by the EU. That could have a negative impact on the internal market, as well as on the green transition itself both in terms of reduced effectiveness and enhanced adverse effects on the weakest parts of population.

3.27. The EESC also calls for further action on the part of Member States to tackle fiscal evasion and avoidance and to avert misuse of public funds, as this would provide additional resources to fund the distributive measures supporting the transition.

3.28. Finally, the EESC points out that energy communities (Directive (EU) 2019/944) and renewable energy communities (Directive (EU) 2018/2001) may become a key tool to help citizens and vulnerable groups in coping with the green transition. Such communities can take any legal form (associations, cooperatives, partnerships, non-profit organisations, or small/medium-sized enterprises), making it easier for its citizens, together with other market players, to team up and jointly invest in energy assets. This might contribute to a more decarbonised and flexible energy system, as the energy communities can enable citizens to access all suitable energy markets on a level-playing field with other players, reducing their energy costs or even allowing potential revenues.

Brussels, 12 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

Opinion of the European Economic and Social Committee on ‘Strengthening collective bargaining power across the European Union’

(own-initiative opinion)

(2023/C 349/02)

Rapporteur: **Philip VON BROCKDORFF**

Plenary Assembly decision	25.1.2023
Legal basis	Rule 52(2) of the Rules of Procedure Own-initiative opinion
Section responsible	Employment, Social Affairs and Citizenship
Adopted in section	21.6.2023
Adopted at plenary	12.7.2023
Plenary session No	580
Outcome of vote (for/against/abstentions)	152/4/9

1. Conclusions and recommendations

1.1. The EESC notes that collective bargaining is an essential instrument in industrial relations (assuming of course that employers and trade unions are willing negotiators) and refers to recent research suggesting that trade union membership beyond a specified level contributes towards reducing income inequalities within countries, thus alleviating entrenched disparities across different strata of society.

1.2. The EESC stresses the important finding of an OECD report that wage coordination plays a key role in helping social partners account for the macroeconomic effects of wage agreements on competitiveness. The EESC also notes that the same OECD report emphasises the role of dynamic and strong collective bargaining in promoting productivity, competitiveness and economic growth.

1.3. The EESC is of the view that trade unions together with employers' organisations continue to play an important role in shaping economic, employment and social policy. However, the number of workers covered by either company-level or sectoral agreements continues to fall, thereby weakening the bargaining power of trade unions.

1.4. It is therefore necessary to find ways for trade unions, employers and governments to assume greater importance in a dynamic labour market and to identify opportunities for ensuring the viability of sound and solid structures for social dialogue, collective bargaining power included, and respecting the autonomy of the social partners as well as national industrial relations.

1.5. The EESC is of the view that it is up to the social partners to determine suitable structures for collective bargaining, and where appropriate, for tripartite and bipartite social dialogue. The EESC also recognises that governments play a key role in recognising the importance of collective bargaining by providing the enabling conditions to facilitate its undertaking, to protect against discriminatory practices and to prevent attempts at restricting workers from exercising their legal right to union participation.

1.6. The EESC notes that the European Pillar of Social Rights (EPSR) encourages the social partners to negotiate collective agreements in matters relevant to them, while respecting their autonomy and the right to collective action⁽¹⁾.

⁽¹⁾ Principle 8.

1.7. The EESC also notes that new forms of work such as the platform economy create new challenges for industrial relations. This new reality has weakened the 'traditional' role of trade unions as institutions representing organised labour, as well as that of employers' organisations as key stakeholders in the labour market.

1.8. The EESC notes that innovation in the workplace is critical for the success of any business and therefore recommends that, as part of the collective bargaining process, innovation processes in the workplace are addressed as part of collective bargaining and social dialogue in general.

1.9. The EESC is of the view that in the face of intense global competition and increased energy costs, a balance may need to be found that factors in mutual interests such as higher living costs for workers while recognising that social dialogue, including collective bargaining can help boost productivity at the workplace.

1.10. The EESC also believes that collective bargaining and social dialogue can support industrial strategy in changing economic conditions, in line with national industrial relations. Whereas some degree of flexibility may be required, this should be subject to agreement among social partners and without undermining collective rights or working conditions.

1.11. The EESC notes that the most extensive and most stable collective bargaining coverage in Europe exists in those countries whose bargaining systems are characterised by multi-employer bargaining, where negotiations mainly take place at sectoral or, in some cases such as in Belgium, even at cross-sectoral level.

1.12. Lastly, the EESC calls for governments to use public procurement in appropriate cases as complementary means to promote and recognise collective bargaining.

2. General comments

2.1. Collective bargaining is a key process in industrial relations that establishes fair wages and working conditions across economic sectors. It involves employers on one side and trade unions on the other. Whereas collective bargaining has been in place for many years, trade union membership has consistently fallen over the years. Research shows that as trade union membership falls, the bargaining power of unions is weakened, with implications for acquired workers' rights and collective bargaining⁽²⁾. Similarly, it is important for businesses to participate in relevant employers' associations to strengthen the collective bargaining process, with research indicating that such organisations play a key role in promoting compliance with legal, labour and occupational health and safety standards, particularly within the informal economy⁽³⁾.

2.2. Further research sheds light on the relevance of trade unions in achieving a balance of power that supports social justice and economic prosperity. The empirical results show that income inequality follows an inverted U-shaped trajectory with trade union density rate. Initially, income inequality rises as more individuals in employment become unionised, reaches the peak of the inverted U-shaped trajectory when trade union density is in the range of 35 to 39 per cent, and is followed by a fall in income inequality as union density continues to increase. Hence, this research suggests that as membership increases beyond a specified range, it contributes towards reducing income inequalities within countries⁽⁴⁾.

2.3. Whereas innovation in enterprise, competitiveness and productivity are recognised as key drivers of economic growth in a highly competitive global environment, all three rely heavily on the input of labour and the value-added that workers provide in achieving innovation, competitiveness, and productivity. Underlying all this is the active involvement and contribution of social partners.

⁽²⁾ Schnabel, C. (2020). *Union membership and collective bargaining: trends and determinants* (pp. 1–37). Springer International Publishing.

⁽³⁾ ILO (2013). *The informal economy and decent work: A policy resource guide supporting transitions to formality*. International Labour Office.

⁽⁴⁾ Montebello, R., Spiteri, J., & Von Brockdorff, P. (2022). Trade unions and income inequality: Evidence from a panel of European countries. *International Labour Review*.

2.4. As the EESC stated in its earlier opinion ⁽⁵⁾, the creation of long-term value remains the duty of executive directors through the pursuit of long-term interests and, therefore, improving accountability on the part of executive directors towards business sustainability should be encouraged. Indeed, this has been explicitly acknowledged by the European Financial Reporting Advisory Group (EFRAG) as part of its proposed ESG reporting requirements under the Corporate Social Reporting Directive (CSRD), with eligible companies required to disclose the extent of collective bargaining coverage and social dialogue across their workforce, since having an empowered, engaged, and valued workforce is viewed as one of the key tenets of a business's long-term sustainability ⁽⁶⁾.

2.5. Economic resilience and sustainability indirectly support social cohesion since resilience and sustainability can only be achieved by prioritising the value-added that labour provides to the economy. This priority is prevalent in economies where collective bargaining and social dialogue in general thrive and create a balance of economic power that promotes innovation in enterprise, competitiveness and productivity, based on technology and the workforce.

2.6. Despite falling trade union density across the EU, the EESC is of the view that trade unions continue to play an important, though in some Member States, declining role in shaping economic, employment and social policies. However, the number of workers covered by collective agreements is falling. The representativity of employers' organisations is also of concern in some Member States. Therefore, it is important that social partners, supported by an enabling framework, find ways to ensure that collective bargaining and social dialogue can serve their purpose as relevant and meaningful instruments, according to national circumstances and practices. The EESC notes that collective bargaining is a fundamental right, rooted in the ILO Constitution ⁽⁷⁾. Collective bargaining is also a means through which employers, and their organisations and trade unions, can establish fair wages and working conditions, whilst also taking into account national economic and social interests. In this context, the EESC refers to ILO Convention 87 on Freedom of Association and Protection of the Right to Organise, which is also a fundamental right of both workers and employers, as is the right for non-association itself. Sound labour relations also assume that employers and trade unions are willing negotiators. Evidence has shown that this is not always the case ⁽⁸⁾.

2.7. The aim of this opinion, therefore, is to explore the reasons for and implications of ways to stem this decline, highlight the roles of trade unions, employers and governments in a dynamic labour market and identify opportunities for ensuring the viability of sound and solid structures for collective bargaining, while respecting the autonomy of social partners as well as national industrial relations.

3. Specific comments

3.1. As noted in SOC/764 *Strengthening Social Dialogue* ⁽⁹⁾, the level of commitment and effectiveness of social dialogue (and implicitly collective bargaining) varies from country to country. However, the EESC is of the view that it is up to national social partners to agree on the design of collective bargaining most appropriate to the country context.

3.2. The EESC recognises that the governments play a key role in recognising the importance of collective bargaining by providing the enabling conditions to facilitate its undertaking, to protect against discriminatory practices and prevent attempts at restricting workers from exercising their legal right to union participation. This tripartite framework should reflect the salient points emerging from the Commission Recommendation on strengthening social dialogue, with a focus on ensuring social fairness, while boosting Europe's prosperity and resilience.

3.3. The EESC notes that the European Pillar of Social Rights (EPSR) ⁽¹⁰⁾ encourages social partners to negotiate collective agreements, while respecting their autonomy and the right to collective action. Furthermore, the EESC calls for social partners to be consulted on the design and implementation of economic, employment and social policies. However, it

⁽⁵⁾ Opinion of the European Economic and Social Committee on 'No Green Deal without a social deal' (Own-initiative opinion) (OJ C 341, 24.8.2021, p. 23).

⁽⁶⁾ <https://www.efrag.org/?AspxAutoDetectCookieSupport=1>.

⁽⁷⁾ It is also reaffirmed as such in the 1998 ILO Declaration on Fundamental Principles and Rights at Work.

⁽⁸⁾ Pisarczyk, Ł. (2023). Towards rebuilding collective bargaining? Poland in the face of contemporary challenges and changing European social policy. *Industrial Relations Journal*.

⁽⁹⁾ Opinion of the European Economic and Social Committee on the proposal for a Council Recommendation on strengthening social dialogue in the European Union (COM(2023) 38 final — 2023/0012 (NLE)) and on the communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on strengthening social dialogue in the European Union: harnessing its full potential for managing fair transitions (COM(2023) 40 final) (OJ C 228, 29.6.2023, p. 87).

⁽¹⁰⁾ Principle 8.

regrets that consultations are not being applied with the same conviction and commitment across the EU. The EESC also notes that, in line with the EPSR, and where appropriate, agreements concluded between the social partners shall be implemented at EU level and that of its Member States. This principle assumes that a minimum level of protection is provided.

3.4. The world of work continues to change with new work practices shaping the working lives of millions of Europeans. New forms of work as part of the platform economy present formidable challenges to labour relations. The EESC is of the view that this new reality has impacted both trade unions and employers' organisations, and both need to adapt quickly to this reality while safeguarding the fundamental rights of workers, in the spirit of the Commission's proposed directive on platform workers.

3.5. Collective bargaining is critical to the very existence and relevance of trade unions and ensuring a balance of power between employers and workers. The EESC believes that collective bargaining, as well as social dialogue generally, should also support innovation in the workplace with a view to boosting productivity and addressing potential changes to work practices which impact well-being and the working lives of workers. The EESC recognises that this places an added challenge for trade unions. However, employers should of course remain responsible for the decisions taken at enterprise level. What we are recommending is that, while respecting national industrial relations systems, the role of trade unions in the innovation processes of the workplace should be recognised as part of the relevant role of social dialogue and collective bargaining.

3.6. It is relevant to highlight the findings of an OECD report ⁽¹¹⁾ that reiterates that collective bargaining, is a key labour right that can also improve performance in the workplace. The same report worryingly concludes that this right is under pressure from the general weakening of labour relations and the rise of new and often precarious forms of employment. The report confirms that collective bargaining across the EU is under pressure, and how great the political need for action is. The report provides all the evidence necessary to strengthen collective bargaining in a way that makes it more flexible and more responsive to the changing world of work. In this context, the EESC believes that a balance needs to be found that takes into consideration mutual interests such as higher costs of living for workers and intensified global competition, recognising that collective bargaining and social dialogue, can boost productivity through workplace innovation and fostering skills development. Moreover, collective bargaining and social dialogue could support industrial strategy in changing economic conditions, based on national industrial-relations. Though flexibility as agreed by social partners should serve as means to adapt to changing circumstances and to balance the needs of companies and workers, this should not be at the risk of undermining collective rights, or at the expense of working conditions. Furthermore, properly regulated by legislation or collective bargaining, work flexibility implies benefits for both workers and employers alike.

3.7. As regards company level and sectoral agreements in the collective bargaining process, there is no formula to determine whether one is more applicable than the other. That said, to increase collective bargaining coverage, as stated in the Directive on Adequate Minimum Wages ⁽¹²⁾, it is incumbent on social partners in individual Member States to undertake an analysis of the strengths and weaknesses of both forms of agreement and determine whether sectoral, company level agreements, or a combination of both represent the best way forward to increase collective bargaining coverage. For example, research indicates that the highest and most stable collective bargaining coverage in Europe exists in those countries whose bargaining systems are characterised by multi-employer bargaining, where negotiations mainly take place at sectoral or, in some cases such as Belgium, even at cross-sectoral level ⁽¹³⁾. Of course, efforts to increase coverage must take into consideration the circumstances prevailing in each country.

3.8. The EESC recognises that increasing membership in trade unions and employers' organisations will remain a formidable challenge, and whereas social dialogue and collective bargaining is and should be of a voluntary nature, we do recommend that social partners in individual Member States address this challenge by exploring appropriate methods to ensure viable membership in their organisations.

⁽¹¹⁾ <https://www.oecd.org/employment/negotiating-our-way-up-1fd2da34-en.htm>.

⁽¹²⁾ Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union (OJ L 275, 25.10.2022, p. 33).

⁽¹³⁾ <https://www.etui.org/services/facts-figures/benchmarks/what-s-happening-to-collective-bargaining-in-europe>.

3.9. The EESC recognises that there is a large diversity of national industrial relations systems reflecting Member States' different economic and political situations. According to a Commission note⁽¹⁴⁾, collective bargaining has been characterised by a shift towards decentralised bargaining at company level. Evidence shows that collective bargaining coverage tends to be higher where bargaining is centralised; where employers' organisation rates are higher; and where the extension of agreements to non-signatory parties is practiced.

3.10. The EESC also stresses the important finding of the OECD report that wage-coordination plays a key role in helping the social partners account for the business-cycle situation and the macroeconomic effects of wage agreements on competitiveness⁽¹⁵⁾. Furthermore, the EESC is of the view that the process of bargaining will depend on the circumstances prevailing at enterprise level, be it a small or large.

3.11. The EESC urges social partners to enhance the relevance of collective bargaining systems by evaluating how the collective bargaining at all levels could, in a balanced way, ensure added value for workers and employers alike in all sectors of the economy and society. In this context, it is pertinent to note the OECD's most recent Employment Outlook report emphasising the role of a dynamic and strong collective bargaining in promoting productivity, competitiveness and economic growth.

3.12. The EESC notes the important role that governments play or could play in engaging with employers and trade unions for closer cooperation, and in support of macroeconomic policies. Governments are of course major employers themselves and often bargain with unions representing workers, which in some Member States can set the pattern for the entire economy. Furthermore, governments play a key role in providing the right conditions for industrial peace, price stability, increased productivity and non-discriminatory employment patterns. To achieve these objectives, and while respecting the autonomy of social partners the EESC calls for strengthening of collective bargaining to reach better outcomes for businesses and workers. As one of the measures, we recommend that governments use public procurement in appropriate cases as complementary means to promote and support collective bargaining, as outlined in two previous opinions issued by the EESC⁽¹⁶⁾.

3.13. As stated earlier, agreed flexibility in collective bargaining may be necessary. However, the EESC is of the view that any agreed modifications to collective agreements need to balance the interests of and present benefits for both parties. While national and sectoral-level agreements should be promoted, the EESC recognises that, as regards company-level negotiations, work flexibility, properly regulated by legislation or collective bargaining can benefit both employers and workers alike. Such negotiations should be underpinned by mutual trust and effective negotiation structures, whilst ensuring that working conditions are not allowed to regress. That said and wherever possible, a middle ground needs to be found whereby decentralised systems become more organised and allow sectoral agreements to set broad framework conditions leaving detailed provisions to firm-level negotiations. Indeed, research suggests that hybrid systems of collective bargaining, entailing coordinated sectoral and multi-level systems, results in improved outcomes for both workers and enterprises alike⁽¹⁷⁾.

Brussels, 12 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

⁽¹⁴⁾ https://commission.europa.eu/system/files/2016-03/social-dialogue-involvement-of-workers_en.pdf.

⁽¹⁵⁾ <https://www.oecd.org/employment/negotiating-our-way-up-1fd2da34-en.htm>.

⁽¹⁶⁾ Opinion of the European Economic and Social Committee on 'Decent minimum wages across Europe' (exploratory opinion requested by the European Parliament/Council) (OJ C 429, 11.12.2020, p. 159); and Opinion of the European Economic and Social Committee on 'Public procurement as a tool to create value and dignity in work in cleaning and facility services' (own-initiative opinion) (OJ C 429, 11.12.2020, p. 30).

⁽¹⁷⁾ Braakmann, N., & Brandl, B. (2016). The efficacy of hybrid collective bargaining systems: An analysis of the impact of collective bargaining on company performance in Europe.

Opinion of the European Economic and Social Committee on ‘Follow up to inflation and energy measures and EU energy resilience for essential economic sectors’

(own-initiative opinion)

(2023/C 349/03)

Rapporteur: **Felipe MEDINA MARTÍN**

Plenary Assembly decision	25.1.2023
Legal basis	Rule 52(2) of the Rules of Procedure Own-initiative opinion
Section responsible	Section for Transport, Energy, Infrastructure and the Information Society
Adopted in section	26.6.2023
Adopted at plenary	12.7.2023
Plenary session No	580
Outcome of vote (for/against/abstentions)	151/1/2

1. Conclusions and recommendations

1.1. The purpose of this EESC opinion is to assess the impact of the energy crisis following the COVID-19 pandemic and Russia’s war of aggression against Ukraine on European businesses, their workers and Europeans in general. The EESC notes that wide-ranging problems have arisen throughout the economy. These include disproportionate increases in production costs, reorganisation of supply chains, difficulties in supplying food and other goods, increasing investment costs and loss of purchasing power for European households.

1.2. The EESC is concerned about the high levels of inflation in Europe due to energy and raw material costs, followed by prices for services and industrial goods. Inflation in Europe is at its highest level since the creation of the euro. The EESC calls on the European institutions to establish control mechanisms such as those set out in the document drawn up by the European Consumer Organisation (BEUC). This should include, for example, fully implementing the measures set out in the draft Council Regulation, which provides for major reform, and redesigning the electricity market. The EESC calls on the EU Member States to implement EU acts that have already been adopted, such as the Clean Energy Package, which helps accelerate the green transition and deepen the internal market.

1.3. The EESC believes that the amended EU Temporary Crisis Framework needs to be urgently reformed in view of the huge cost increases resulting from the war in Ukraine and the energy crisis. In addition, it recommends applying the Temporary Framework for State Aid in such a way that the aid provided for in the Energy Emergency Regulation and under the Recovery and Resilience Framework applies to all sectors affected by the energy crisis, with a particular focus on key sectors, so as not to undermine the ability of many companies to survive, and to avoid adversely affecting the cost of living for consumers and reducing their ability to find commodities on a daily basis. Moreover, the EESC once again calls for a ‘golden rule’ to be introduced enabling the necessary public investment to be made.

1.4. The EESC believes that households and key sectors should benefit from plans to reduce the impact of high energy prices. Although very high profits were recorded in some sectors, with a substantial increase of 26,8 % compared to the previous quarter, bankruptcy declarations in the EU reached 113,1 — the highest level ever recorded — according to an index used by Eurostat to measure the level of bankruptcy in the EU compared to the benchmark of 100 in 2015. The EESC calls on the Commission and the Member States to work to ensure that households and key sectors can source energy

constantly when measures to reduce demand at peak times are implemented. At the same time, some companies, mainly in the energy sector, have increased their profits in the shadow of existing inflation, as the ECB ⁽¹⁾ points out. Profits in this sector have continued to drive inflation in the EU and must be tackled.

1.5. The energy crisis has impacted the economy in terms of high inflation, weak economic growth, strong pressure on public finances and the purchasing power of households and businesses, and loss of external economic competitiveness. Based on the ECB's recommendations, the EESC suggests establishing a 'green triple T' criterion to ensure that future interventions are tailored, targeted and transition-proof. Non-selective price measures such as the price cap for certain foods would only prolong the period of high inflation over the long term.

1.6. The persisting high inflation, in particular due to energy prices, provokes a general loss of purchasing power of European workers, consumers and companies, affecting the living conditions of many families, internal demand and growth. This, together with the maintenance of the monetary policy of increasing interest rates, also negatively affects many companies. The EESC believes social dialogue in the energy sector is important to find the appropriate decisions at the national level.

1.7. The EESC calls on governments to encourage businesses and households to implement energy-saving and -efficiency measures that will enable energy demand to be permanently reduced. To this end, the expansion of renewable energy should be encouraged (by setting the necessary legal and fiscal conditions, including introducing an 'investment golden rule') in order to reduce our dependence on fossil fuels. The current situation should be used as an incentive to speed up the decarbonisation of the EU economy. These measures should be accompanied by non-relocation guarantees linked to financial aid. It is time to make the necessary investment (and establish the required fiscal framework conditions) in Europe's energy transition to reduce dependence on fossil fuels. Furthermore, the EESC is in favour of pressing forward with the changes proposed under REPowerEU to streamline and accelerate the granting of permits for installing renewable energy infrastructure. In this regard, the EESC urges the EU and the Member States to consider how to ensure that the price paid for excess energy fed into the grid enables viable investments to be made to maximise capacity for generating renewable energy and sharing it when it exceeds the generator's own needs. The Commission's long-term agenda should include revamping the energy market in order to avoid future disruption of energy supply and exorbitant prices.

2. General comments

2.1. The wave of inflation sweeping across Europe is widespread and two phases can be clearly distinguished. The first stemmed from the recovery period following the lockdowns imposed on the population during the COVID-19 pandemic. Relaunching all sectors at once created bottlenecks in supply chains that increased the costs of raw materials and transport freight. Raw material prices grew by 101 % between January 2020 and March 2022 ⁽²⁾, and freight costs by 545 % in the same period ⁽³⁾.

2.2. In February 2022, Russia's war of aggression against Ukraine and the subsequent war triggered a second phase of inflation. On this occasion, the shock was concentrated on energy and some products of which both Russia and Ukraine were major suppliers to the EU: natural gas, wheat, sunflower oil and fertilisers. Between February and April 2022, the prices of these goods increased by 18,6 %, 16,8 %, 38,6 % and 16,7 % respectively ⁽⁴⁾. These costs have since been contained, although in March 2023 the IMF primary commodity price index was still 40,9 % above January 2020 levels and freight still 3,6 % above.

2.3. These developments have been reflected in the global and European economy in the form of inflation. The year-on-year rate of change for the euro area harmonised index of consumer prices (HICP) ⁽⁵⁾ reached 11,5 % (Eurostat) in October. Values this high have not been reached since the last century and, although they have fallen slightly in recent

⁽¹⁾ ECB study on inflation, 2023.

⁽²⁾ IMF primary commodity price index, available at <https://www.imf.org/en/Research/commodity-prices>.

⁽³⁾ Freightos Baltic Index, available at <https://fbx.freightos.com/>.

⁽⁴⁾ IMF primary commodity price index, available at <https://www.imf.org/en/Research/commodity-prices>.

⁽⁵⁾ Eurostat, available at <https://ec.europa.eu/>.

months (in March 2023 the rate was 8,3 %), they are proving very difficult to bring down. The evidence that the price shock will not be short-lived, as originally thought, is that underlying inflation (excluding energy) is on an upward trend in most of Europe. This may mean that the monetary policy launched by the ECB is not delivering the expected results.

3. Impact of inflation on the European economy

3.1. The EESC notes that the economic outlook worsened following Russia's invasion of Ukraine in February 2022. The economic trend for the coming years is expected⁽⁶⁾ to cool compared to 2022, although these projections are improving over the months. While in winter the Commission predicted a slight increase in GDP of 0,8 % in 2023 and a modest increase of 1,6 % in 2024 for the EU as a whole, in the recent spring forecast these percentages rose to 1,0 % and 1,7 % respectively. At the same time, inflation is expected to gradually reduce, albeit at a slower pace than initially forecast (9,2 % in 2022, 6,7 % in 2023 and 3,1 % in 2024). The labour market will be under strain due to low growth, and public debt is rising because of, among other things, the ECB's sharp increase in interest rates, which will exert budgetary pressure on most Member States.

3.2. The 96,5 million Europeans at risk of poverty or social exclusion are the most affected by high inflation. In a Eurobarometer survey, 41 % of respondents said that prices, inflation and the cost of living were among the biggest problems facing their country, ahead of health (32 %) and the economic situation (19 %).

3.3. The EU has experienced an almost total cut-off of gas supplies from Russia as a consequence of the policy decisions adopted, and almost half of the Member States have been affected by reduced deliveries to a greater or lesser extent. Rising inflation and commodity prices, labour shortages and disruptions in global supply chains are negatively affecting Europe's food and non-food supply chains. According to the OECD economic outlook, global growth is set to decelerate sharply to around 2,2 % in 2023.

3.4. According to the ECB, the increase in energy prices has been responsible for two thirds of the inflation differential in the euro zone. According to the Commission, between 2019 and 2022 the increase in profit margins was 54 % in the energy sector, where wages only grew by 6 %. The general loss of purchasing power of European workers, consumers and companies is not only affecting the living conditions of many families, but if not rectified, it could also affect domestic demand and growth and thus other business sectors; all this also due to the continuity of the monetary policy of increasing interest rates. The EESC believes social dialogue in the energy sector is important to find the appropriate decisions at the national level.

3.5. While consumer prices have risen in general in Europe, the pay trend has been less volatile, reducing the purchasing power of Europeans, especially the most vulnerable, who do not have the means to protect themselves against inflation. In fact, changes in consumer behaviour can already be observed due to the loss of purchasing power of households facing a major cost of living crisis caused by the sharp rise in energy bills and the impact of inflation. The tools used by the Member States to protect vulnerable household consumers vary considerably and, in some cases, they may have limited effectiveness. The European Commission should consider exploring minimum standards to be applied by regulators and policymakers to protect and support vulnerable household consumers.

3.6. One of the sectors that is suffering the most from the combined impact of the pandemic and the war is food production — agriculture, livestock farming and the food industry — and its distribution to the final consumer. The proximity of the war and its impact on the energy and raw material markets is creating a price gap for agricultural products between Europe and international markets, where European prices have risen the most. Thus, according to the commodity price dashboard for April 2023, the price growth rate for most European agricultural products is higher than the global rate, especially for meat products. This trend is having three major effects. Firstly, Europeans are experiencing the highest level of inflation for all the products they need most. Secondly, European food products are becoming less competitive internationally. Thirdly, the prices paid to farmers have risen as a result of higher production costs.

⁽⁶⁾ https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/spring-2023-economic-forecast-improved-outlook-amid-persistent-challenges_en.

3.7. Russia's war of aggression against Ukraine triggered huge challenges in the food supply chain beyond spiralling energy costs, namely an increase in the prices of key inputs (feed, fertilisers) and shortages of certain commodities (e.g. vegetable oils and wheat) that are needed to maintain a fully functioning supply chain. The domino effect of rising costs is leading to decisions to cut fertiliser production, which will further drive up prices. The droughts experienced across Europe in summer 2022 and thus far in 2023 are exerting greater pressure on prices because available supply is being reduced.

3.8. Some key sectors — including businesses and workers — that cannot shut down their operations regardless of the situation are facing a double burden: fewer consumers willing to pay and growing costs — particularly sky-high energy bills. Businesses in the food sector have tried to limit the increase in costs to ensure competitive prices for consumers and are now fearing a consumer crisis (Hidalgo, M., 2023 ⁽⁷⁾; Eurocommerce, 2023). Recently, the government of Spain has published ⁽⁸⁾ in its first report of the margins observatory that margins among the food chain have decreased by 25 % since 2021, so that it is clear that the evolution of profit margins is very heterogeneous.

At the same time, some companies, mainly in the energy sector, have increased their profits in the shadow of existing inflation, as the ECB ⁽⁹⁾ points out. Profits in this sector had continued to drive inflation in the EU and must be tackled.

3.9. The Bank of Spain ⁽¹⁰⁾ refers to the very positive effects that the so-called 'Iberian exception' or 'Iberian mechanism' has had on the electricity market pricing system. It also talks about the positive impact, although more limited, of the VAT reduction on food and fuel prices, although it adds that the measure would have had a lower cost if it had focused on aid for the lower-income families. The Bank of Spain also refers to the positive impact that the increases that the Government of Spain has made in the minimum interprofessional wage, pensions and minimum vital income have had to alleviate the effects of inflation on lower-income households.

4. The impact of rising energy costs on the profitability of European companies

4.1. Wholesale electricity and gas prices have increased by up to a factor of 15 since the beginning of 2021, with severe consequences for consumers and businesses. European governments have started implementing a set of policy responses. One type of policy is aimed at mitigating the impact of increased costs on consumers and businesses. Other measures seek to stabilise and reduce wholesale prices and ensure energy security. The EESC urges the European Commission and the Member States to undertake a comprehensive reform of the electricity market design and electricity price calculation system in line with opinion TEN/793 ⁽¹¹⁾.

4.2. Energy prices are affecting businesses' costs in very different ways: firstly, through the cost of the electricity supply itself; secondly, indirectly, through the impact on the rest of the supply chain; and thirdly because of the possible financial consequences of this. By way of example, a study by the Bank of Spain published *ex ante* in spring 2022 ⁽¹²⁾ estimated that a cumulative increase of 25 % in businesses' energy costs would reduce their gross value added (GVA) by 1,6 % in 2023. However, this is the average impact. The study found that some sectors are suffering more than others. The oil and natural gas extraction sector is benefiting the most. The sectors that would suffer the most harm are: fishing and aquaculture, land transport, waterborne transport, motor vehicle trade and repair, agriculture and livestock farming, education, air transport, real estate activities, manufacture of coke and refined petroleum products, health and social services, and hospitality services. Some of these sectors showed during the pandemic how important they are for a well-functioning EU economy. Many of the most affected sectors are not electricity-intensive in their productive operations but are major consumers.

⁽⁷⁾ Margins and profits of Spanish food retailers in 2022.

⁽⁸⁾ OME Informe Trimestral 2023T3 (bde.es).

⁽⁹⁾ ECB study on inflation, 2023.

⁽¹⁰⁾ https://www.bde.es/f/webbe/SES/Secciones/Publicaciones/PublicacionesAnuales/InformesAnuales/22/Files/InfAnual_2022_En.pdf.

⁽¹¹⁾ Opinion of the European Economic and Social Committee on the proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) 2019/943 and (EU) No 2019/942 as well as Directives (EU) 2018/2001 and (EU) 2019/944 to improve the Union's electricity market design (COM(2023) 148 final — 2023/0077 (COD)) (OJ C 293, 18.8.2023, p. 112).

⁽¹²⁾ Available at: https://www.bde.es/f/webbe/SES/Secciones/Publicaciones/InformesBoletinesRevistas/InformesEstabilidadFinancera/22/IEF_2022_1_Rec1_4.pdf.

4.3. As well as the direct and indirect impact on businesses' GVA (margins), greater financial vulnerability also has an impact. The Bank of Spain report identifies the sectors that are hardest hit. One group of sectors would be particularly vulnerable; not only would they have excessive debt, but they would also have negative profitability in 2023: motor vehicle trade and repair; land and pipeline transport; fishing and aquaculture; agriculture and livestock farming; and textiles, clothing, leather and footwear.

4.4. As the accumulated stocks of natural gas in Europe decrease — the volume being stored in May 2023 was 68 %⁽¹³⁾ — we will face additional challenges in managing our energy policy. There is still a difference between the quantities previously supplied from Russia and those from alternative suppliers and, therefore, prices are unlikely to drop in the short term. What has happened is a significant reduction in demand. The high energy prices are making our industry and our supply chains less competitive, in turn encouraging operations to be outsourced outside the EU, thus reducing the bloc's strategic independence. The impact on households, in particular the most vulnerable, is particularly significant, with a growing proportion of people at risk of or living in poverty. This will be the case until at least 2024⁽¹⁴⁾. In order to combat these issues, the EESC recommends a number of measures including location guarantees linked to financial support, further necessary energy saving and energy efficiency measures for companies to reduce demand, massive investments and the necessary fiscal framework conditions in the expansion of renewable energy production to reduce dependence on fossil fuels.

4.5. Consequently, due to the rocketing energy costs, the viability of many businesses and households is increasingly coming under threat. Although the winter was relatively warm, we cannot expect the environmental conditions to always be favourable to us. For this reason, measures must be taken to protect particularly vulnerable households, with specific measures being adopted for them in this area.

4.6. For businesses, the huge increases in business costs, combined with consumer reluctance to spend, may even lead to mandatory relocation in some cases. However, this is not possible for companies which provide an essential service to customers and the rest of the supply chain, who cannot simply stop their operations due to energy price increases.

4.7. While a large number of sectors and their workers were considered essential during the COVID-19 pandemic, this recognition is notably absent in the current energy crisis. So far, Member States have not provided specific support to many of these sectors. Businesses in these sectors and their workers have made an effort to protect consumers at the expense of their own margins and it is hard for them to pass on to customers the total cost of the exorbitant increase in energy bills. This situation cannot be maintained in the long term. Similarly, the EESC believes that governments are not protecting people to the same extent as they were during the pandemic.

4.8. Many businesses are making a number of investments to reduce energy consumption and improve their capacity to access more renewable energy. The EESC believes that companies can also act as accelerators in the electrification of transport and can replace gas in heating, thereby playing a key role in the energy transition and in the EU's renewable energy targets for 2030. However, this will require a favourable regulatory framework, such as granting permits and combating price disincentives for producing more energy.

4.9. The EESC stresses the importance of aligning the REPowerEU and energy performance of buildings obligations with support and with operators' capacity to bear the cost of the considerable investments they entail. These measures will be important in reducing dependence on fossil fuels, but the obligations must be linked to the availability of both public and private funding. The Commission's long-term agenda should include revamping the energy market in order to avoid future disruption of energy supply and exorbitant prices. This revamp should consider training for the workforce that will be involved in the sector.

⁽¹³⁾ Information available at: <https://agsi.gie.eu/data-overview/eu>.

⁽¹⁴⁾ *EIU (2023): Energy crisis will erode Europe's competitiveness in 2023*, available at: <https://www.eiu.com/n/energy-crisis-will-erode-europe-competitiveness-in-2023/>.

In the same vein, the EESC believes that the practical aspects related to the availability of equipment and skilled labour should also be reflected in the programmes' obligations to install fast charging stations for vehicles and infrastructure for alternative fuels. It must be ensured that the funds disbursed through the new proposals can be used to ensure that this transition can be carried out within the deadlines set.

Brussels, 12 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

Opinion of the European Economic and Social Committee on ‘Water efficient consumption and consumer awareness about their water footprint’

(own-initiative opinion)

(2023/C 349/04)

Rapporteur: **Milena ANGELOVA**

Plenary Assembly decision	25.1.2023
Legal basis	Rule 52(2) of the Rules of Procedure Own-initiative opinion
Section responsible	Single Market, Production and Consumption
Adopted in section	29.6.2023
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Outcome of vote (for/against/abstentions)	190/2/6

1. Conclusions and recommendations

1.1. Water is essential for life, the environment and the economy, and, as such, it is a common good that must not only be accessible and affordable for all, but, most importantly, respected and protected. Due to human impact and climate change, water scarcity is increasing — globally, as well as in Europe, where water stress affects around 20 % of the territory and 30 % of the population ⁽¹⁾. The European Economic and Social Committee (EESC) welcomes the comprehensive EU legislation that has been introduced in this area ⁽²⁾ and calls for its swift and efficient implementation, so that efficient water consumption is ensured, and each EU citizen has access to water.

1.2. The EESC calls for specific measures to be designed and promptly implemented to increase awareness of water-efficient consumption and to promote technological innovations for increasing water efficiency in production systems, as well as for waste minimisation and recycling strategies. In line with applying the ‘polluter pays’ principle, it urges the EU and the Member States to take decisive action to ensure compliance by all stakeholders ⁽³⁾.

1.3. The EESC stresses the vital importance of informing, raising the awareness of, encouraging and guiding consumers towards water-efficient consumption. Policymakers, social partners, civil society organisations and all stakeholders have a shared responsibility to communicate clearly about the value of water and its footprint, promote the use of water-efficient appliances and provide incentives for consumers to be committed to water saving patterns and to strive for constant excellence.

1.4. The EESC calls on the EU, Member States, competent authorities, water operators, and all parties involved in the process to endeavour, within their competences, to constantly improve water availability, accessibility and efficiency. Better protecting drinking water resources, moving towards circular water, ensuring public water supply at a fair price for services, and preventing water poverty are essential elements of this process.

⁽¹⁾ EEA Report No 12/2021 on *Water resources across Europe — confronting water stress: an updated assessment*, 2021.

⁽²⁾ Fit for 55 package, Water Framework Directive, Drinking Water Directive, Water Reuse Regulation, etc.

⁽³⁾ For example, https://ec.europa.eu/commission/presscorner/detail/en/IP_14_1151 and <https://www.politico.eu/article/italy-biggest-steel-mill-mockery-eu-environmental-rules/>.

1.5. The EESC suggests that the following measures be swiftly implemented in order to enhance water-efficient consumption and consumer awareness of their water footprint and contribute to a Water-Smart Society ⁽⁴⁾:

1.5.1. *Measures focused on encouraging and guiding consumers towards water-efficient consumption*

1.5.1.1. Clear communication regarding the value of water (*implemented by competent authorities, water operators*). Communication campaigns to change long-term behaviour should be conducted to educate consumers on the value of water and water services and also to specifically address short-term emergency measures in response to crisis situations caused by climate change (drought, flood). One important target group is children. Substituting the use of drinking water with non-conventional water sources should become the norm (e.g., whenever possible, watering gardens, washing cars, etc. with collected rainwater).

1.5.1.2. Promoting water-efficient appliances/devices (*implemented by the EU and the Member States*). Private households use numerous water-consuming appliances/devices today. Following the advancement of technology, many of them have considerably reduced their water use over the past years supporting an overall declining trend in per-capita water use. Further incentives are needed to motivate producers to keep innovating to improve water efficiency and the customers to buy and use them. All such appliances/devices should include a water consumption label.

1.5.1.3. *Informing consumers about their water footprint (implemented by the EU and the Member States)*. The actual water consumption of private households goes far beyond drinking water use. Every product and service consumed contains a certain amount of water ⁽⁵⁾ and often a substantial part of a consumer's water footprint lies outside their home region/country or even the EU. Consumer choices therefore have an impact on regional, national and global water use. The water footprint is an effective parameter from an educational point of view — also recently included in the programmes developed by many utilities for schools. There are many footprint calculators available online, where a consumer can feed in their data and get their footprint figure. Consumers should be made aware of them through information campaigns.

1.5.2. *Measures focused on improving water availability, accessibility and efficiency*

1.5.2.1. *Ensuring public water supply (implemented by the Member States, water operators)*. As part of a holistic approach, measures should be taken to improve the efficiency and resilience of the drinking water supply and distribution system through better leakage control, where necessary, the development of alternative drinking water sources and other appropriate measures. This also entails, with a view to protecting public health and well-being, Member States considering measures to ensure that the public water supply has priority over other water uses in periods of acute water scarcity.

1.5.2.2. *Ensure a fair price for water services based on full cost recovery while guaranteeing affordability for vulnerable groups (implemented by competent authorities)*. Directive 2000/60/EC requires the Member States to take account of the principle of recovery of the costs of water services, at least with regard to industry, households and agriculture. According to Commission and OECD data, full cost recovery of water services is only being achieved in nine Member States ⁽⁶⁾. In most cases, it is limited to private households. While the Member States should take measures to ensure the accessibility and affordability of water services for the most vulnerable groups ⁽⁷⁾, it is important that the water tariff reflect the real cost of water services. This, combined with the accurate metering of consumption, will ensure that consumers are better aware of the cost of water services. The Member States should discuss the possibility of charging based on the 'value of water', which

⁽⁴⁾ https://watereurope.eu/wp-content/uploads/WE-Water-Vision-2023_online.pdf.

⁽⁵⁾ Water Footprint Network, Water Footprint Assessment, consulted on 22 May 2023.

⁽⁶⁾ OECD, Background note: Cost recovery, April 2022.

⁽⁷⁾ Directive (EU) 2020/2184 of the European Parliament and of the Council of 16 December 2020 on the quality of water intended for human consumption (OJ L 435, 23.12.2020, p. 1).

would ensure that this scarce resource is preserved also for future generations. Water tariffs could contain price signals to increase water-use efficiency. For example, tariffs could increase when a certain amount of per capita consumption is exceeded in a household, or when water supply is threatened by temporary water scarcity.

1.5.2.3. Efficient water consumption metering by increasing the accuracy of measurement (*implemented by the Member States, municipalities, water providers*):

- ensure efficient water consumption measuring with accurate water meters and a water meter renewal policy to make end users aware of their actual consumption;
- control consumption from private wells to limit water use directly from groundwater;
- use smart metering to provide alerts to end users regarding high or abnormal consumption, and low flow consumption, which could be internal leakage.

1.5.2.4. *Better protection of drinking water resources (implemented by the EU and Member States)*. Drinking water resources must be protected from anthropological contamination. To achieve this, the EU Zero Pollution Action Plan must be rigorously implemented by applying the principles of precaution and control at source, consistent with the Polluter Pays Principle, to all substances of concern that may enter drinking water resources. Contaminants also come from industrial sources (PFAS, pharmaceuticals, disinfectants etc.) or agricultural sources (pesticides, nitrates). The EU is revising relevant legislative acts that can prevent pollution at the source including Directive 2010/75/EU⁽⁸⁾, Regulation (EC) No 1907/2006⁽⁹⁾, Directive 2009/128/EC⁽¹⁰⁾, Regulation 726/2004⁽¹¹⁾ and Directive 2001/83/EC⁽¹²⁾. It must be ensured that these future rules effectively protect our water resources.

1.5.2.5. *Moving towards circular water (implemented by the EU, the Member States and water operators)*. Water efficiency can be increased by reusing water. On the one hand, private households should be encouraged to collect rainwater whenever possible, and use it for appropriate purposes, including garden watering and cleaning). On the other hand, effective control-at-source measures must be taken to ensure that the wastewater produced by households does not contain contaminants that could jeopardise the reuse of treated wastewater for irrigation and other purposes.

1.5.2.6. *Climate change adaptation (implemented by the Member States, municipalities, wastewater operators)*. Regions are affected differently by climate change. It is important to adjust measures to local conditions. Generally, urban planning will need to be re-thought by transforming towns into ‘sponge cities’⁽¹³⁾. This will improve the urban climate, allow rainwater to seep away and reduce the number of combined sewer overflow events.

1.5.2.7. *Ensure good governance (implemented by the Member States, regions, and municipalities)*. Clear and efficient governance structures are needed to bring about change. This should strengthen cooperation between all players and determine responsibilities. Actions should be based on accurate forecasts of regional climate change impacts and the development of water demand patterns (agriculture, industry, population development etc.) for the decades to come.

⁽⁸⁾ Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17).

⁽⁹⁾ Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC (OJ L 396, 30.12.2006, p. 1).

⁽¹⁰⁾ Directive 2009/128/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for Community action to achieve the sustainable use of pesticides (OJ L 309, 24.11.2009, p. 71).

⁽¹¹⁾ Regulation (EC) No 726/2004 of the European Parliament and of the Council of 31 March 2004 laying down Community procedures for the authorisation and supervision of medicinal products for human and veterinary use and establishing a European Medicines Agency (OJ L 136, 30.4.2004, p. 1).

⁽¹²⁾ Directive 2001/83/EC of the European Parliament and of the Council of 6 November 2001 on the Community code relating to medicinal products for human use (OJ L 311, 28.11.2001, p. 67).

⁽¹³⁾ “Sponge cities” are urban areas with abundant natural areas such as trees, lakes and parks — or other good designs intended to absorb rain and prevent flooding.” <https://climatechampions.unfccc.int/what-are-sponge-cities-and-how-can-they-prevent-floods/>, consulted on 7 June 2023.

1.5.2.8. *Public authorities as frontrunners (implemented by the Member States, municipalities).* Being responsible for designing and implementing both policy measures and practical arrangements, public authorities, including European institutions, should assume a frontrunner role in reducing their water footprint.

2. Premise

2.1. As part of the EESC's 2023 flagship initiative to address water as an important priority at European and global level, this own-initiative opinion explores the measures needed to ensure more efficient water consumption in the EU by consumers, taking into account environmental issues, knowledge gaps and the state of play in related technologies. It puts forward ideas on how to optimise household water consumption and release, based on a comprehensive vision of the role of consumers and their needs in terms of quantity and quality of water and makes specific proposals to that end.

2.2. Water is essential for life, the environment and the economy, and, as such, it is a common good that must be respected and protected. However, Europe's water resources are under threat due to climate change — as many water basins (and the Mediterranean in particular⁽¹⁴⁾) are seeing declining overall precipitation and longer drought periods, while in most regions there are more heavy rainstorm events with disastrous flooding. Furthermore, rising sea levels mean that salt water may penetrate freshwater aquifers.

2.3. There is a growing imbalance between the availability of the local resource and the demand for water from end users, posing a significant threat of water shortages in the future. While water availability is determined by essential factors such as precipitation, geography, climate trends and contamination, water consumption and demand are determined mainly by human behaviour. Furthermore, human activities, including those of private households, affect the quality of available water resources. Man-induced pollution of the aquatic environment reduces the availability of usable water resources and increases the cost and environmental impacts of treating water to the quality levels required for certain activities (drinking water, industrial use, irrigation, etc.). Studies⁽¹⁵⁾ identify lack of advanced water quality monitoring in EU water bodies as one of the main causes of ecological disasters due to water pollution.

2.4. According to the European Environment Agency (EEA), on average, water stress affects around 20 % of the European territory every year and 30 % of the total population⁽¹⁶⁾. The EEA states that 'water stress occurs when there is not sufficient water available to meet the demands of the environment and our society and economy, in terms of quantity or quality. Water stress is a general term combining drought, quantitative scarcity, water quality and water accessibility'⁽¹⁷⁾.

2.5. Water for drinking purposes represents about 10 % of total water use. Agriculture, forestry and fishing account for 58 %, and electricity, gas, steam and air conditioning supply for 18 %⁽¹⁸⁾.

2.6. In terms of water abstraction, water for drinking purposes represents about 20 % of the total amount. Abstraction for cooling in electricity generation⁽¹⁹⁾ (32 %) and abstraction for agriculture (28 %) are the largest contributors to total annual abstraction⁽²⁰⁾.

2.7. Given that the contamination of water resources with nutrients (nitrogen and phosphorus) and many hazardous substances (such as those with cumulative carcinogenic or mutagenic properties) poses a severe risk to health and the environment, and that the necessary treatment to purify water is costly and resource-intensive, the EESC calls for swift implementation of the comprehensive EU legislation currently in place. It reiterates that the EU's industrial and agricultural

⁽¹⁴⁾ An IPCC report (Cross-Chapter Paper 4: Mediterranean Region. In: *Climate Change 2022: Impacts, Adaptation and Vulnerability*) says that 'the Mediterranean region is a hotspot for highly interconnected climate risks'.

⁽¹⁵⁾ EEA, *Pollution in Europe's rivers*.

⁽¹⁶⁾ EEA Report No 12/2021 on *Water resources across Europe — confronting water stress: an updated assessment*, 2021.

⁽¹⁷⁾ EEA Report No 12/2021 on *Water resources across Europe — confronting water stress: an updated assessment*, 2021.

⁽¹⁸⁾ ECA Special Report 12/2021 *The Polluter Pays Principle: Inconsistent application across EU environmental policies and actions* (based on EEA figures).

⁽¹⁹⁾ However, the impact on resource availability of the use of water for cooling plants is not particularly clear. Usually, the water is taken from surface water bodies or from the sea, and usually all (or almost all) of it is returned to those water bodies.

⁽²⁰⁾ EEA, *Water abstraction by source and economic sector*, 1 June 2022.

policies must reduce pollutant emissions while supporting growth and competitiveness. As water is a common good, the EESC calls for drinking water to be made freely available to all EU citizens via accessible water fountains and sources in public places in line with Directive (EU) 2020/2184. In the case of mineral water concessions, an effort should be made to provide a tap source available to the public.

2.8. While the focus of this opinion is mainly on the consumption and availability of water resources, it also aims to tackle quality-related problems, as they influence the actual usability of this resource. Hence, the policy objective is to prevent further deterioration, and protect and enhance the status of aquatic ecosystems, to ensure the progressive reduction of groundwater pollution and to prevent its further pollution.

2.9. In order to guarantee water of sufficient quality and quantity for the current and future generations, a general awareness of all of the problems and their root causes is needed. Each and every citizen/consumer must be aware of the importance of water and its value as a finite resource, and a widespread awareness of the issues related to water resources needs to be cultivated, with measures adopted accordingly, starting from the private sphere. For this very purpose, the recent Directive (EU) 2020/2184 recommends measures to the Member States to encourage a growing awareness about the quality and consumption of drinking water.

2.10. There are numerous factors and aspects to be considered, which affect, directly and indirectly, the significance and impact of household water consumption, including:

- the various purposes of direct water consumption: e.g., drinking, washing, watering etc.;
- the location of direct water consumption: e.g., at home, at work, in hobbies, etc.;
- the types of water consumed: e.g., groundwater, surface water, reused water etc.;
- indirect water consumption: water used to produce goods and services;
- direct wastewaters: quantity and quality (nutrients, organic matter, chemicals etc.);
- indirect wastewaters: wastewaters generated by the production of goods and services;
- geographical water scarcity and quality aspects related to both direct and indirect consumption (ranging from local to global).

3. Water use indicators

3.1. While the overall approach towards optimising water consumption should be comprehensive, the indicators used should be as few and as simple as possible. The added value of increasing the number of indicators or of using complicated aggregated indicators (such as footprints and indices) may not be high in relation to the resources needed for monitoring, analysing and processing them. It is thus crucial to find the most relevant and influential indicators, taking into account the purpose of the information needed. A distinction should be made between the indicators used by economists/scientists/policymakers to define problems, develop strategies and measure progress towards defined goals, and the indicators used for communication purposes with consumers. For policy purposes, it is important to evaluate a series of indicators directly or indirectly connected to water consumption that will enable policy effectiveness to be assessed, with particular attention to the consistency and continuity of monitoring the parameters. The indicators used by the EEA provide a reference here.

3.2. The development of the EEA indicators has been guided by the need to identify a small number of policy-relevant indicators that are stable (but not static) in time and that can provide answers to selected priority questions (environmental, social, economic, etc.).

3.3. The most relevant indicator to measure water use by consumers (private households) is water consumption in litres per capita per day (L/cap/d). Available data show large variations ranging from 77 to 220 L/cap/d⁽²¹⁾.

⁽²¹⁾ Eureau, The governance of water services in Europe, 2020.

3.4. Measures to stimulate water-efficient consumption must look at the full water cycle and cover both qualitative and quantitative aspects. They should not only look at drinking water abstraction/consumption, but should also include the benefits of circular water (water reuse) and develop the understanding that water is also embodied in products and services consumed. This will help private households to understand better the impact of their consumption choices on the quality and quantity of water resources in their region, country and worldwide. It will also help citizens to develop a culture of awareness regarding all aspects of their individual water consumption patterns — both domestic and non-domestic — and to be aware of how to make their consumption efficient. The role of civil society organisations is vital in helping them choose and implement strategies for increasing the effectiveness and efficiency of their consumption.

3.5. While water-efficient consumption is a necessity in all parts of Europe, the urgency is greater in areas suffering from water scarcity or more frequent drought events. The efficiency of the water supply system should be included in the overall strategy with a view to ensuring a holistic approach. Possible solutions should also be found in more forward-looking strategies of water suppliers, including supply system risk assessment and risk management, leakage management, alternative water sources, etc.

3.6. Although theory suggests using a plethora of other indicator parameters, (the theme of water is very suitable for this); it should be considered that not only the search for additional data, but also their validation and their dissemination involve significant work. These further activities fall within the remit of the European central structures, but also of the Member States and their respective agencies or operating companies that search for and produce such data. It is not always the case that adding an extra violin in an already large orchestra will necessarily improve the quality of the music. Therefore, rather than adding new indicators, it is better to make the best possible use of the existing ones.

Brussels, 12 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

Opinion of the European Economic and Social Committee on ‘Revision of the Textile Labelling Regulation’

(Exploratory opinion)

(2023/C 349/05)

Rapporteur: **Antje Sabine GERSTEIN**

Referral	European Commission, 20.1.2023
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
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1. Conclusions and recommendations

1.1. The European Economic and Social Committee (EESC) supports the European Commission’s approach of mainly taking as the point of departure for the revision of the Textile Labelling Regulation (TLR) the possibility of new digital labelling technologies, new fibre technologies and their classification and new recycling technologies and thereby acknowledging the new, extensive EU regulatory context for textiles overall.

1.2. Consumers have varying expectations of the level of detail provided by textile labels. The revision of the Textile Labelling Regulation has to satisfy these different degrees of expectations by offering basic and easily understandable information in the first place, while at the same time giving further access to more detailed information.

1.3. Taking into account that the textile sector is one of the most globalised sectors, the EESC believes that it is of the utmost importance that the European Commission strive for an EU-wide and global alignment of labelling requirements with regard to indications of origin, care instructions, size and fibre composition.

1.4. The EESC calls upon the European Commission to bear in mind the special needs of SMEs in this sector. In order to prevent further offshoring, and given the fact that the sector employs 1,3 million employees EU-wide, the new TLR requirements must provide enough flexibility to address SMEs’ needs and capacities so that employment and skills in this sector of the economy are not only kept, but can further evolve.

2. General comments

2.1. The EU strategy for sustainable and circular textiles announced the review of the Textile Labelling Regulation (Regulation (EU) No 1007/2011⁽¹⁾), which requires textiles sold on the EU market to carry a label clearly identifying the fibre composition and indicating any non-textile parts of animal origin. As part of this review, the strategy mentions the possibility to introduce mandatory disclosure of other types of information, such as sustainability and circularity parameters, products’ size and, where applicable, the country where manufacturing processes take place (‘made in’).

⁽¹⁾ Regulation (EU) No 1007/2011 of the European Parliament and of the Council of 27 September 2011 on textile fibre names and related labelling and marking of the fibre composition of textile products and repealing Council Directive 73/44/EEC and Directives 96/73/EC and 2008/121/EC of the European Parliament and of the Council (OJ L 272, 18.10.2011, p. 1).

2.2. In this opinion, the EESC explores the options to expand the scope of the current regulation by considering certain elements already listed in Article 24 of the regulation for a review and other parameters on sustainability and circularity in coherence with current legislative proposals such as the legislative proposal on eco-design requirements for sustainable products. The opinion will take account of the industrial perspective, including costs and improved exchange of information along the value chain, and the consumer perspective, in order to ensure correct, accurate and clear information.

2.3. The EESC supports the approach from the European Commission to mainly take as point of departure the possibility of new digital labelling technologies, new fibre technologies and their classification and new recycling technologies and thereby acknowledge the overall new extensive EU regulatory context for textiles including the Green Claims initiative from the European Commission ⁽²⁾.

2.4. In this context, the EESC underlines that many aspects in the textile sector are already addressed in highly complex horizontal regulatory proposals which are mostly already in the legislative process. Corporate social responsibility and labour-related issues are addressed in the Directive on Corporate Sustainability Due Diligence and the Regulation on Forced Labour. The Empowering Consumers Directive and the Directive on Green Claims will soon regulate the communication of sustainability claims, while the revised Waste Framework Directive will address the basic concepts related to end-of-life management.

2.5. Consumers have varying expectations of the level of detail provided by textile labels. The revision of the Textile Labelling Regulation has to satisfy these different degrees of expectations by offering basic and easily understandable information in the first place, while at the same time giving further access to more detailed information, for example through the voluntary provision of standardised information about the production process.

2.6. The EESC points out that revision of the Textile Labelling Regulation is a REFIT initiative with the clear aim of making EU law simpler, fit for purpose and less costly for businesses and consumers. For companies this must include the reduction of compliance costs as well as regulatory clarity and consistency. For consumers accurate, comprehensive and comparable information on textile products is needed. The EESC underlines the importance of maximum harmonisation in order to help the sector make a successful transition towards comprehensive circularity.

2.7. The EESC calls for urgent action on the fibre classification system, as the current system is not flexible enough to address the development of innovative fibres, which often have a lower environmental impact than conventional fibres. For many producers of new fibres, this status quo is frustrating because they cannot label their fibres accurately. Furthermore, these novel fibres cannot yet be indicated on textile labels and, thus, identifying them remains a huge challenge for recyclers, which is currently hampering circularity in the sector. The EESC points out that this regulatory gap also negatively affects consumers' perceptions, as some products might in reality be much more sustainable than is indicated on current labels.

2.8. The EESC believes that it is of the utmost importance that the European Commission strive for an EU-wide and global alignment of labelling requirements with regard to indications of origin, care instructions, size and fibre composition. The textile sector is one of the most globalised sectors. Garments made in each place are destined for multiple geographical areas worldwide (EU, US, etc.), with many different labelling requirements ⁽³⁾. Global labelling requirements and global harmonised standards need to be considered where applicable.

2.9. The requirement for maximum harmonisation is linked to a clear policy request from the EESC to avoid further jeopardising the internal market, as more and more disparate requirements on labelling across Member States seem to appear. The EESC therefore considers it vital and timely for the European Commission to propose the TLR revision in the year 2023, which happens to be the 30th anniversary of the single market.

⁽²⁾ COM(2023) 166 final — 2023/0085(COD).

⁽³⁾ Examples of such requirements are Canada's Textile Labelling and Advertising Regulations (TLAR) and the US Textile Fiber Products Identification Act.

2.10. The EESC calls upon the European Commission to bear in mind the special needs of SMEs in this sector. In order to prevent further offshoring, and given the fact that the sector provides jobs for 1,3 million employees EU-wide⁽⁴⁾, the new Textile Labelling Regulation requirements must provide enough flexibility to address SMEs' needs and capacities so that employment and skills in this sector of the economy are not only kept, but can further evolve. For example, a generalised conformity control carried out by a certifying body is not feasible for SMEs, which are the backbone of industrial textile production in the EU. A reasonable approach would be to envisage 'self-certification' procedures, such as the internal production controls set out in Annex II to Decision No 768/2008/EC⁽⁵⁾, whereby SMEs inform and provide guarantees to consumers.

3. Specific comments

3.1. Fibre classification

3.1.1. In recent years, the textile industry has developed a number of novel fibres with proven lower environmental footprints compared to the more traditional fibre options. Although these materials may be based on a similar feedstock, their manufacturing technology and properties often differ significantly from those used in conventional fibres. The novel fibres are currently not recognised by the existing generic fibre classifications in Annex I. Consequently, the innovative fibre types are classified under different fibre names, or as 'other' fibre. Considering the green and circular transition, the revised Textile Labelling Regulation should allow for fibres with distinctive characteristics to be recognised as such in Annex I. The anticipated TLR revision should be better adapted to reflect the dynamic progress around innovative fibres.

3.1.2. A wide array of novel fibre types with distinctive characteristics is already close to commercialisation or will become available on the market in the future. However, the current process of updating Annex I is not transparent and uncertain for applicants. Therefore, the EESC recommends that EU authorities assess and revise how to make the updating process more transparent and technically accurate.

3.2. Fibre composition tolerance margin

3.2.1. Considering the transition to the circular economy, the textile industry is increasingly using recycled fibres and materials in production of garments. The current regulation is not perfectly suited to accurately label fibre composition containing recycled content, hampering the transition to a circular economy. Article 20(3) allows for a maximum 3% deviation between the fibre content stated on the label and the fibre composition established based on authority testing. The current state of technical development in textile sorting and recycling technology, however, generates variance in the fibre composition that sometimes surpasses the tolerance level of 3%. This is because, particularly in mechanical recycling, it is not possible to fully ensure that the feedstock for recycling is free from impurities of other textile materials. This calls for a need to explore a higher composition tolerance margin in the revised TLR. Based on the expert input, the EESC recommends that the updated level be 3–5%. An increased tolerance level should only account for the existing limitations in recycling technology, it should not justify poor manufacturing practice. A minor increase in tolerance levels is a welcome step in removing barriers to the uptake of recycled materials in garment production.

3.3. Harmonisation with global standards and processes

3.3.1. Harmonisation of testing standards

3.3.1.1. The textile industry is a highly global industry that often applies international standards. The revision of the TLR is an opportunity to align testing methods of fibre composition with global standards. Currently, under Article 19, only EU (EN) standards are allowed for testing of fibre compositions. In most cases, EN standards are very similar to the international ISO standards, but minor existing differences in method parameters lead to discrepancies between ISO and EN test results. Due to the industry's global value chains, ISO standards are widely applied and preferred by the sector. As a result, businesses are facing increased testing for products destined for the European market, which significantly raises costs. Therefore, the EESC recommends that the revised TLR accept ISO standards as accepted test standards. Furthermore, the EESC recognises current large strides in innovation around new fibre composition detection methods. The European Commission should take account of this progress when revising the TLR.

⁽⁴⁾ https://euratex.eu/wp-content/uploads/EURATEX_FactsKey_Figures_2022rev-1.pdf.

⁽⁵⁾ Decision No 768/2008/EC of the European Parliament and of the Council of 9 July 2008 on a common framework for the marketing of products, and repealing Council Decision 93/465/EEC (OJ L 218, 13.8.2008, p. 82).

3.3.2. Harmonisation with international standards and trade rules

3.3.2.1. The EESC supports the idea of transforming the Textile Labelling Regulation into a rulebook of harmonised standards for a number of requirements (novel fibre classification, fibre composition testing, sizing, care instructions). As far as possible, these standards should have a global reach. This would lead to greater harmonisation of labelling requirements both within the single market and with the rest of the world.

3.3.2.2. Given the global scope of the textile sector, it is crucial to consider international alignment and collaboration in the revision of the TLR. The European Commission should ensure coherence with the World Customs Organisation and the current revision of the HS codes as well as with the commitments in the WTO Technical Barriers to Trade Agreement on use of international standards.

3.4. Digital labelling

3.4.1. The EESC strongly welcomes the intention of the European Commission to digitalise composition labelling in the revised TLR. In addition, in the context of the Eco-design for Sustainable Products Regulation (ESPR), the EESC welcomes the digital labelling and consumer communication initiatives such as the Digital Product Passport. However, it is crucial that the European Commission align these digital initiatives to create a coherent and effective policy framework.

3.4.2. Currently physical labels are, for multiple reasons, not as effective as desired. Labels are often cut off after product purchase. The text on labels can be washed out because of multiple laundry cycles. Furthermore, making large physical labels in multiple different languages is costly and contributes to plastic waste. The text is small and includes several translations, which also makes it hard for consumers to understand.

3.4.3. Digital labels would make things easier for companies, as well as improving information provision to consumers by offering them clear text in the appropriate language versions. There is still a need to provide information to less technologically advanced consumers, but options exist, for example by providing information on demand at the point of sale. To be durable, an indelible 'data carrier' type marking on the product can guarantee easy access to digital information.

3.4.4. Even if the Commission decides to leave some information on physical labels, this approach should nonetheless lead to an overall significant reduction in label size. The EESC supports the Commission's view that physical labels, or physical carriers of digital information, should be made more difficult to cut off. Non-abrasive labelling methods are already available. Methods of making labels harder to cut off should ensure durability of information (e.g. information printed directly on the material can be washed out) and should not reduce the functionality of the product (e.g. sewing a label completely onto a garment could reduce its functionality).

3.4.5. The European Commission should assess how the Digital Product Passport can be applied in the context of a digital label under the revised TLR. To enable consistency and facilitate implementation, a TLR digital label could also be put on the same data carrier as the Digital Product Passport.

3.5. Labelling exemption for some types of products

3.5.1. Annex V to the current Textile Labelling Regulation exempts 42 textile product types from the labelling obligation. These are small items (such as watch straps) where adding a label would reduce the product's functionality. However, the list approach does not provide clear guidance on how operators should label products not listed in Annex V, but which also have reduced functionality with a label. The EESC recommends that the revised regulation provide clarity on how to correctly label products (such as stockings and socks) where mandatory labelling hampers the product's functionality. For instance, the current list approach could be replaced by a definition of products exempted from mandatory labelling.

Brussels, 12 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

**Opinion of the European Economic and Social Committee on a European Strategy for Older Persons
(exploratory opinion at the request of the Spanish Presidency)**

(2023/C 349/06)

Rapporteur: **Miguel Ángel CABRA DE LUNA**

Request from the Spanish Presidency of the Council	Letter, 8.12.2022
Legal basis	Article 304 of the Treaty on the Functioning of the European Union Exploratory opinion
Section responsible	Employment, Social Affairs and Citizenship
Adopted in section	21.6.2023
Adopted at plenary	12.7.2023
Plenary session No	580
Outcome of vote (for/against/abstentions)	189/01/02

1. Conclusions and recommendations

1.1. The demographic challenge facing European society needs to be addressed by policies that trigger a paradigm shift, raising the profile of older people, moving away from a care-based approach to focus on empowering them, and eradicating ageist views. This demographic challenge means that barriers must be removed and that the opportunities inherent in the ageing population must be seized.

1.2. Older people continue to face high unemployment rates, greater risks of discrimination and isolation, and inequality in access to a decent income, which hampers active ageing. As the employment rate among older workers in the EU remains below average, there is a need for measures to adapt jobs, provide training and promote employment up to the official retirement age.

1.3. Health, prevention and health education systems are key to prolonging longevity while ensuring that people remain in good mental and physical condition. In this regard, accessibility — especially in people's own homes and the surrounding areas — is critical in preventing injuries that lead to dependency, and physical and mental deterioration, and prevent an active and healthy life ⁽¹⁾.

1.4. Investment in R & D&I, including developing technologies, products and services that are accessible to everyone and meet the wide variety of needs of older people, is necessary to support healthy and active ageing.

1.5. On 27 January 2021, the European Commission presented its Green Paper on Ageing. One of the Green Paper's greatest shortcomings is that it treats age and older people as an expense or cost for society, ignoring the social and economic benefits of more actively including older people, as well as the emotional dimension of ageing.

1.6. As there have not yet been any proposals on a comprehensive ageing policy or a policy that focuses exclusively on older people, the EU needs to adopt a new European Strategy for Older Persons, with the fundamental objectives of protecting all their rights and ensuring their full participation in society and the economy. A new European Strategy for Older Persons would help bring about the necessary change in the approach to policies on age and today's and tomorrow's older people.

⁽¹⁾ For example, France's anti-fall plan: *Plan antichute des personnes âgées*.

1.7. The strategy should develop proposals and measures in the areas of equality and non-discrimination, the gender dimension, rights and access thereto, participation in society, employment, education and training, decent income and social inclusion. It should also lead to the development of national plans by Member States, including specific targets and indicators.

1.8. The EESC calls on the European Commission to urgently present the new strategy before the end of the current term of office, supported by a Guarantee for Older People — similar to the Youth Guarantee and the Child Guarantee — to serve as a tool to put the new strategy into practice.

1.9. The EESC calls on the Member States to adopt a new Guarantee, which will enable them to use different EU funding frameworks, such as the European Social Fund Plus, for programmes to support older people, as well as to make demography a key aspect in the European Semester process and in the formulation of country-specific recommendations.

1.10. The EESC encourages the European Commission and the Member States to urgently draft, develop, sign, implement and monitor a European Declaration on Older People to reflect the commitment to developing a European Strategy for Older Persons during the current term of office (2019–2024).

1.11. As set out in the EESC opinion *Towards a New Care Model for the Elderly: learning from the COVID-19 pandemic* ⁽²⁾, the EESC requests that, as recognition of older people's fundamental rights and access thereto, and as an expression of their contributions to society, the European Commission organise a European Year of Older People.

1.12. The EESC underlines the role of social partners and social dialogue, in line with the *European social partners' autonomous framework agreement on active ageing and an inter-generational approach* ⁽³⁾.

1.13. The EESC calls for consultations to be launched with civil society organisations, in particular organisations that represent older people, their families and professional organisations that support them, as well as with equality organisations, representatives of people with disabilities, service providers, social economy organisations, and so on.

1.14. The EESC calls for public-private partnerships to be used as a complementary means of harnessing the potential of active participation by older people in areas such as culture, education, sport, tourism, and so on.

1.15. To encourage the exchange of best practices, technical training and concrete actions in the strategy's areas of action, the EESC calls for the creation of a European Agency for Older People, Ageing and the Demographic Challenge ⁽⁴⁾.

1.16. The EESC calls for the coordination of ombudsmen for older people between Member States, and between the administration and the private sector. They can help older people in their dealings with public authorities, receive complaints about age-based discrimination, facilitate access to basic services and ensure a minimum income for older people ⁽⁵⁾.

1.17. At international level, the EESC calls for the adoption of a UN Convention on the Rights of Older Persons to ensure that human rights are enjoyed equally by older people, following the examples of the UN Convention on the Rights of the Child and the Convention on the Rights of Persons with Disabilities ⁽⁶⁾, by ensuring the active participation of civil society organisations representing older people and relevant stakeholders.

⁽²⁾ Opinion of the European Economic and Social Committee on 'Towards a new care model for older people: learning from COVID-19' (own-initiative opinion) (OJ C 194, 12.5.2022, p. 19).

⁽³⁾ European social partners' autonomous framework agreement on active ageing and an inter-generational approach (2017).

⁽⁴⁾ Friends of Europe.

⁽⁵⁾ *Current and future challenges for ombudsman institutions* — Network in Focus 2019 (europa.eu).

⁽⁶⁾ As set out in the Report of the United Nations High Commissioner for Human Rights on the promotion and protection of the human rights of older persons from March 2022.

1.18. The EESC welcomes the creation of a unit in the European Commission's Directorate-General for Justice and Consumers dedicated to equality and non-discrimination based on age; the EESC encourages the Commission to set up a department dedicated to questions related to ageing and the demographic challenge that will coordinate policies for older people.

1.19. In support of all these measures, and to reflect the EESC's support for progress in policies for older people, the Committee recognises that it is worth considering setting up an ad hoc group to carry out initiatives related to ageing and demographic challenges and opportunities, in line with the EESC opinion 'Towards a new care model for older people: learning from COVID-19' ⁽⁷⁾.

2. General comments

2.1. The demographic challenge (the trend towards longer lives and lower birth rates in recent decades) is a central issue that will reshape society in the future, alongside climate change and the technological revolution resulting from artificial intelligence.

2.2. It is estimated that the number of people older than 65 in EU countries will rise from 90,5 million people at the start of 2019 to 129,8 million in 2050. During this period, the number of people in the EU aged 75–84 will grow by 56,1 %, while the number of people aged 65–74 will increase by 16,6 %. By contrast, it is estimated that there will be 13,5 % fewer people aged under 55 living in the EU in 2050.

2.3. Nevertheless, the employment rate among older workers in the EU remains below average. Only 59,1 % of those aged 55–64 were employed in 2019 versus 73,1 % of all those aged 20–64. People close to retirement age (55–64) have one of the highest poverty and social exclusion rates in the EU.

2.4. The average retirement age in the EU is about 65, and average life expectancy is around 84, which means that most people will spend around 20 years in retirement. It is therefore necessary to promote longevity in tandem with good health.

2.5. According to the 2019 Eurobarometer report on discrimination in the EU, age discrimination, together with gender discrimination, is the most prevalent form of discrimination in the EU.

2.6. Older people are at greater risk of acquiring a disability, as ageing increases exposure to disability; 48,5 % of people with disabilities are over 65.

2.7. While the aggregate pension replacement rates in the EU are 58 % ⁽⁸⁾, it is estimated that, in many countries, older people have 40 % of the wealth and a significant share in the purchasing power, which is unevenly distributed between women and men and across income groups. This gives older people considerable potential as major consumers.

2.8. Older consumers make up a large part of the economy and their share in consumption will continue to grow. The silver economy is expected to grow across the EU by around 5 % per year to reach EUR 5,7 trillion in 2025 ⁽⁹⁾.

2.9. The EU must put in place effective strategies that need to take into account each region's demographic dynamic and economic development, as well as addressing the opportunities that may emerge from the silver economy ⁽¹⁰⁾.

⁽⁷⁾ Opinion of the European Economic and Social Committee on 'Towards a new care model for older people: learning from COVID-19' (own-initiative opinion) (OJ C 194, 12.5.2022, p. 19).

⁽⁸⁾ Eurostat.

⁽⁹⁾ Silver Economy Study: How to stimulate the economy by hundreds of millions of Euros per year, Shaping Europe's future digital (europa.eu).

⁽¹⁰⁾ European Commission Atlas of Demography.

3. New EU policy on the rights of older people

3.1. At the last World Assembly on Ageing, held in Madrid in 2002, the UN presented its International Plan of Action on Ageing, the first international agreement that recognises that older people contribute to the development of society, and set up the Open-ended Working Group on Ageing.

3.2. On 27 January 2021, the European Commission presented its *Green Paper on Ageing: Fostering solidarity and responsibility between generations* ⁽¹⁾, laying the groundwork for future policies to support older people.

3.3. It concludes that healthy and active ageing has a positive impact on the labour market, employment rates and social protection systems, and thereby on the growth and productivity of the economy.

3.4. The Green Paper acknowledges the need for concrete and decisive action to support older people in all policy areas but does not formulate a specific programme of initiatives as such to be developed by the EU and the Member States.

3.5. New EU policies must trigger a paradigm shift, raising the profile of older people, moving away from a care-based approach to focus on empowering them, and eradicating ageist views.

4. Towards a European strategy

4.1. While the Green Paper was a further step towards implementing the commitments made in the Madrid Plan two decades ago, it has a number of shortcomings that need to be addressed, as there have not yet been any proposals for a comprehensive ageing policy or a policy that focuses exclusively on older people.

4.2. One of the Green Paper's greatest shortcomings is that it treats age and older people as an expense or cost for society, ignoring the social and economic benefits of more actively including older people. It continuously links age to decline, passivity and vulnerability. Harnessing the potential of ageing requires a vision based on human rights, well-being, older people's contribution to society and the economy, and tools to enable this contribution.

4.3. A number of initiatives closely linked to age have been presented and discussed over the last few years, such as the European care strategy, the 2020–2024 Action Plan on Human Rights and Democracy, the European Pillar of Social Rights Action Plan, the commitments made by Member States with regard to the UN initiative on the impact of COVID-19 on older persons, and the various EU Council conclusions on *Human Rights, Participation and Well-Being of Older Persons in the Era of Digitalisation* ⁽²⁾, on *Mainstreaming Ageing in Public Policies* ⁽³⁾ and on *a human-rights-based post-COVID-19 recovery* ⁽⁴⁾.

4.4. A new European Strategy for Older Persons would help bring about the necessary change in the approach to policies on age and today's and tomorrow's older people, emphasising human, social and economic opportunities and improving active citizenship and participation, as older people still have intellectual, economic and social capital that often goes to waste. The strategy will support solidarity between generations and a life-cycle approach in order to prevent and reduce age-related challenges, correcting the current approach of seeing ageing as a cost.

4.5. It will also make it possible to consolidate the fundamental principles of the initiatives drawn up by the EU and international organisations since the Madrid Plan was signed in 2002, while proposing concrete measures and plans for policymaking in the field of older people.

⁽¹⁾ COM(2021) 50 final.

⁽²⁾ Council Conclusions on Human Rights, Participation and Well-Being of Older Persons in the Era of Digitalisation (2020).

⁽³⁾ Council Conclusions on Mainstreaming Ageing in Public Policies (2021).

⁽⁴⁾ Council conclusions on a human-rights-based post-COVID-19 recovery (2021).

4.6. The European Strategy for Older Persons will crystallise an intergenerational pact based on respect and solidarity between generations, with the fundamental objectives of access to lifelong quality education opportunities, to regulated employment with decent jobs and to extensive social protection systems covering all members of society⁽¹⁵⁾.

4.7. Furthermore, the strategy will be useful not only for older people but also for the entire population, including carers for older people, and it will also prepare the younger generations for their own ageing process.

5. Pillars of the new European Strategy for Older Persons

5.1. The new European strategy should address the challenges faced by all older people as the heterogeneous group that they are and at the same time promote the policy action needed to seize all the opportunities offered by active and healthy ageing.

5.2. The European strategy should be built on policies to prepare for, prevent and anticipate the consequences of ageing, and policies for ensuring older people's participation and active citizenship, such as lifelong learning, healthy ageing and active participation. These are the best areas in which to invest in order to minimise age-related inequalities and the social and economic burdens arising from ageing⁽¹⁶⁾. The strategy will encourage people to take appropriate action to address the consequences of their ageing.

5.3. As part of the strategy, Member States should develop their own national ageing plans with specific targets and indicators to measure the effectiveness of policies supporting older people. They should also propose specific measures to support the objectives and pillars of the European strategy.

5.4. Equality and non-discrimination

5.4.1. Equality and non-discrimination on the basis of age are fundamental principles that are laid down in the Treaties and in EU legislation. Yet ageism persists in too many areas of our lives, creating obstacles to older people's full participation in our society.

5.4.2. Therefore, the future strategy for older people should be used to:

5.4.2.1. Strengthen equality regardless of age as a fundamental principle and as a dimension to be included in all EU policies, and support the adoption of the Council Directive on implementing the principle of equal treatment between persons irrespective of religion or belief, disability, age or sexual orientation⁽¹⁷⁾.

5.4.2.2. Propose concrete actions to raise awareness of age-based discrimination, older people and their rights and opportunities for including them, as well as promoting a positive image of age.

5.4.2.3. Ensure that the Member States and national and European courts rigorously and impartially implement the Employment Equality Directive and propose guidelines to better define the principle of equality regardless of age in employment matters.

5.4.2.4. Pay special attention to older women, as they enjoy longer life expectancy than men, can remain active for longer and are in turn more exposed to discrimination and loneliness.

5.4.2.5. Propose measures to address the multiple and intersectional forms of discrimination experienced by older people, including problems faced by older people with disabilities, older LGBTIQ+ people, older people from ethnic minorities and older migrants.

⁽¹⁵⁾ Opinion of the European Economic and Social Committee on 'Towards a new care model for older people: learning from COVID-19' (own-initiative opinion) (OJ C 194, 12.5.2022, p. 19).

⁽¹⁶⁾ UN report on the Decade of Healthy Ageing, 2021-2030.

⁽¹⁷⁾ Opinion of the European Economic and Social Committee on Improving equality in the EU (own-initiative opinion) (OJ C 75, 28.2.2023, p. 56), and Opinion of the European Economic and Social Committee on the 'Proposal for a Council directive on implementing the principle of equal treatment between persons irrespective of religion or belief, disability, age or sexual orientation' (COM(2008) 426 final (Additional opinion)) (OJ C 182, 4.8.2009, p. 19).

5.4.2.6. Rectify the current exclusion of older people from data, statistics and opinion polls produced by public bodies, including Eurostat and Eurobarometer, addressing age limitations in surveys, age brackets within the category 'older people' and the lack of information on older people living in institutions. Ensure that data are collected, disaggregated, analysed, used and disseminated for all ages and other characteristics and that Member States collect adequate, comparable and reliable data.

5.4.2.7. Ensure that the EU Agency for Fundamental Rights better integrates the issues of age discrimination and older people's human rights into its work.

5.5. *Participation in society*

5.5.1. Promoting older people's participation, especially in economic life, will be instrumental in seizing the opportunities that their greater inclusion offers in social and economic terms.

5.5.2. To ensure the full active participation of older people, the new strategy should propose specific initiatives, at the appropriate level of competence, to:

5.5.2.1. Ensure that older people can access the built environment — including ensuring the accessibility of older people's own homes — and digital goods and services, ensuring the implementation and monitoring of legal instruments such as the European Accessibility Act, the Web Accessibility Directive, legislation on the accessibility of transport and the various accessibility-related obligations laid down in the UN Convention on the Rights of Persons with Disabilities (CRPD).

5.5.2.2. Promote initiatives and policies that comply with Article 19 of the CRPD, ensuring independent living and inclusion in the community for all ages.

5.5.2.3. Support the Cities for All initiative — green and inclusive smart urban planning models — to address the risks of isolation and loneliness in both urban and rural areas. Design for all, mobility and interpersonal relationships are essential for a social life.

5.5.2.4. Where necessary, remove barriers that exclude older people from democratic or constituent processes, such as elections to the European Parliament, by treating them like a significant electoral force with full rights.

5.5.2.5. Overcome the digital divide and digital poverty by allocating financial support and launching initiatives to improve infrastructure, support equipment and training to contribute to digital literacy at all ages, while maintaining the obligation for essential goods and services to also remain accessible outside the digital sphere.

5.5.2.6. Safeguard public transport and other essential services, such as care, healthcare, housing, culture, leisure, active participation in social life and so on.

5.5.2.7. Support the European Commission's recommendations to combat loneliness, ensuring that, in the context of the current demographic changes, mental health, social and long-term care services are accessible, affordable, integrated, community-based and easy to use. Moreover, support the Member States by collecting and sharing best practices through the new European Agency for Older People, Ageing and the Demographic Challenge⁽¹⁸⁾.

5.5.2.8. Suggest measures to protect the rights of older consumers, as they are considered vulnerable consumers in the EU *acquis*.

5.5.2.9. Propose measures to promote volunteering with added value for older people, setting up mentoring programmes where older people can share their work experience with younger generations.

⁽¹⁸⁾ Communication from the European Commission on a comprehensive approach to mental health, COM(2023) 298 final.

5.5.2.10. Invest in R & D to support healthy and active ageing, including developing technologies, products and services that are accessible to everyone, with the direct involvement of older people, in order to meet their wide variety of needs, and to promote social innovation.

5.5.2.11. Continue with the implementation of the action plan on digital education that will help the Member States create conditions conducive to developing advanced and specialised digital skills as part of lifelong learning⁽¹⁹⁾ instead of being linked only to labour market participation, and to lay the groundwork for specific measures targeting older people and their environment.

5.6. *Employment, education and training*

5.6.1. The current demographic challenge means that barriers must be removed and opportunities seized to enable the inclusion in the labour market of older people and of those who wish to work beyond their retirement age. The strategy should encourage the exchange of best practices between Member States to improve employment among older people.

5.6.2. The strategy should be built on a flexible model in which there are several periods of transition between learning, work, family care and inactivity/retirement at different stages of a person's life, even after the statutory retirement age. Support and care services for all generations, including childcare and long-term care, should enable people of all ages — both women and men — to actively participate in society. The strategy should include specific measures to support informal carers given the crucial role they play in the lives of older people in care. In this respect, specific recommendations could be made in terms of work-life balance, wage compensation or financial support, a wide variety of respite options for those caring for dependent relatives, access to advice and training services, and so on.

5.6.3. In this regard, the European Strategy should, in accordance with the competences of the Member States:

5.6.3.1. Assess the impact of the age-based derogations set out in the employment and minimum wage Directives, propose guidelines for the implementation of age-based equality principles in employment and where necessary, identify other ways of or specific changes for improving the implementation of the directives and prevent discrimination against older people that wish to remain in the labour market.

5.6.3.2. Encourage intergenerational mentoring through specific programmes.

5.6.3.3. In line with current policies, combat and prevent physical and psychosocial risks such as stress and burnout in the next EU strategic framework on health and safety at work.

5.6.3.4. Foster entrepreneurship among older people by assessing existing barriers such as loss of pension rights, facilitate access to finance and promote incubators for intergenerational co-entrepreneurship and transfers of businesses from older business owners or entrepreneurs to younger entrepreneurs⁽²⁰⁾, and encourage initiatives within the social economy.

5.6.3.5. Promote the social economy as a person-centred sector providing benefits for society as it can offer older people new employment and entrepreneurship opportunities⁽²¹⁾.

5.6.3.6. Promote and improve accessibility to Erasmus+ and educational technology programmes for older people, making full use of their intergenerational outreach, offering older people learning and academic mobility opportunities, including in places where it is difficult to access education, such as long-term care facilities. The opportunities offered by micro-credentials and digital learning tools, such as massive open online courses (MOOCs), should also be fully exploited.

⁽¹⁹⁾ Proposal for a Council Recommendation on improving the provision of digital skills in education and training, COM(2023) 206 final.

⁽²⁰⁾ Opinion of the European Economic and Social Committee on Business transfers as promoters of sustainable recovery growth in the SME sector (own-initiative opinion) (OJ C 486, 21.12.2022, p. 9).

⁽²¹⁾ Opinion of the European Economic and Social Committee on 'Towards a new care model for older people: learning from COVID-19' (own-initiative opinion) (OJ C 194, 12.5.2022, p. 19).

5.6.3.7. Propose measures to improve older people's financial education, which could lead to the use of inactive resources and greater competitiveness. Particular attention should be paid to developing older people's skills to enable them to act as informed investors and to avoid inappropriate financial investments or consumption.

5.6.3.8. Develop proposals to prevent brain drain from all generations, whether between Member States or outside the EU, building on the European Skills Agenda for sustainable competitiveness, social fairness and resilience⁽²²⁾.

5.7. *Decent income and social inclusion*

5.7.1. In 2019, the proportion of retired people aged over 65 at risk of poverty in the EU was 15,1 %. Between 2010 and 2019, the proportion of women over 65 receiving a pension who were at risk of poverty in the EU was between 3 and 4 percentage points higher than that of men.

5.7.2. To remedy this situation and minimise the risks of poverty and social exclusion among older people, in line with the Member States' exclusive powers and bearing in mind the role of the social partners, the strategy should promote decent incomes for older people by proposing initiatives to:

5.7.2.1. Develop pension systems to provide adequate pensions so that pensioners need not rely on minimum income support as stated in the EESC opinion on the Council Recommendation on adequate minimum income ensuring active inclusion⁽²³⁾. In line with this, evaluate together with the Member States the possibility for convergent measures to ensure minimum income for all older persons and help them remain employed if they wish to.

5.7.2.2. Develop a Guarantee for Older People that protects them from poverty and enables them to live a decent and participatory life from the age of 65, including specific support for those over 75/80, according to the characteristics of the Member States.

5.7.2.3. Ensure that pensions remain adequate over time, guaranteeing, where appropriate, that pensions are indexed in line with the cost of living and taking into account the specific expenses incurred by older people (such as healthcare, long-term care, etc.).

5.7.2.4. Reduce the gender pension gap and, where necessary, promote the introduction of care credits into social protection and/or tax systems.

5.7.2.5. Create a framework for universal access to pension rights, including for men and women, self-employed people, people in new forms of employment such as the social economy, people with disabilities (including those in sheltered employment) and people excluded from the labour market.

5.7.2.6. Propose action to raise awareness of and combat violence and abuse against older people, especially older women.

Brussels, 12 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

⁽²²⁾ COM(2020) 274 final.

⁽²³⁾ Opinion of the European Economic and Social Committee on the Proposal for a Council recommendation on adequate minimum income ensuring active inclusion (COM(2022) 490 final — 2022/0299 (NLE)) (OJ C 184, 25.5.2023, p. 64) and Council Recommendation on adequate minimum income ensuring active inclusion (OJ C 41, 3.2.2023, p. 1).

Opinion of the European Economic and Social Committee on the decarbonisation of European industry and the role of innovation and digitalisation in driving it

(Exploratory opinion requested by the Spanish Presidency)

(2023/C 349/07)

Rapporteur: **Andrés BARCELÓ DELGADO**

Co-rapporteur: **Monika SITÁROVÁ**

Referral by the Spanish Presidency of Letter of 8 December 2022
the Council

Legal basis Article 304 of the Treaty on the Functioning of the European Union

Exploratory opinion

Bureau decision 13.12.2022

Section responsible Consultative Commission on Industrial Change

Adopted in section 22.6.2023

Adopted at plenary 12.7.2023

Plenary session No 580

Outcome of vote

(for/against/abstentions) 185/3/7

1. Conclusions and recommendations

1.1. The EESC believes strongly that the decarbonisation of EU industry must be coupled with enhanced digitalisation.

1.2. Innovation is imperative if industry is to be fully decarbonised, as many technologies are still being developed.

1.3. The EU cannot achieve decarbonisation without a strong workers' involvement and social dialogue, and reskilling and upskilling programmes must be a top priority with a view to meeting the targets. Social dialogue and involvement of workers' representatives must play a role in the reskilling and upskilling programmes that will be a prerequisite for the success of new technologies and working methods.

1.4. The EU needs to both identify the technologies requiring specific support to develop manufacturing activities and propose additional measures.

1.5. Carbon capture, utilisation and storage techniques must be developed to reduce 'hard to abate' emissions in industries such as cement and refineries; the carbon itself can be used as a raw material for efuels.

1.6. America's Inflation Reduction Act (IRA) is a serious challenge for the EU and its industry. The Commission proposal on Net Zero Industry could be an effective answer to the threat of massive relocation of industrial activities from the EU to third countries. The EU proposals must not overlook the social conditionality of IRA.

1.7. Industrial companies need public support during the decarbonisation process (e.g. increasing the de minimis threshold, reviewing tax policies), but they must also abide by single market principles.

1.8. The EESC notes that current examples of digital twins in industry, as pointed out by the CCMI/206 opinion, are encouraging in terms of improving industrial performance.

1.9. The EESC urges the European authorities and Member States to accelerate permitting processes for renewable energy and industrial activities. Both the current lengthy procedure involved in obtaining permits and excessive red tape discourage new investments.

1.10. The EESC welcomes the Hydrogen Bank initiative and hopes that it will help deploy hydrogen technology, particularly in hard-to-abate industries.

1.11. Current infrastructure must be properly maintained in order to develop new industrial processes. Specific infrastructure programmes must be developed to accompany industrial decarbonisation.

2. General comments

2.1. The future Spanish presidency of the EU Council has asked the EESC to draw up an exploratory opinion on the decarbonisation of European industry and the role of digitalisation and innovation in this process.

2.2. The EESC has previously issued an own-initiative opinion on decarbonisation technologies with a focus on ETS industries ⁽¹⁾.

2.3. European society has taken the necessary and radical decision to achieve full decarbonisation by 2050. Industry will be affected hardest by this, and some industrial activities will find it very difficult to adapt.

2.4. Some industries have made heavy investments in recent years and will be forced to make yet more radical changes to reach the net zero target. European society must therefore support them as they move from fossil fuels to climate-neutral production.

2.5. Some 'hard to abate' industrial activities must adopt carbon capture and storage technologies (CCS). In the future, CO₂ emissions could be utilised to produce high added value goods.

2.6. The extent of the EU's dependence on third countries for the supply of some clean technologies makes it extremely challenging for the EU to reach its target of 40 % renewable energy by 2030. Europe is largely reliant on imports when it comes to cleantech; at the same time, the EU's deployment of cleantech will have to be dramatically accelerated to reach the Fit for 55 objectives. The EU needs to identify the technologies requiring specific support to develop manufacturing activities and propose additional measures.

2.7. European industry is under constant pressure from international competition, requiring a quick response and continuous development and adaptation of business so that it continues to be profitable to produce in the EU. This is already an important factor in modern production, but with new digital technologies, manufacturing companies can deliver major improvements in efficiency and tap completely new opportunities for developing products, services and business models.

2.8. The digital transition envisaged by the EU Green Deal is a prerequisite for meeting the decarbonisation target.

2.9. Nothing can be achieved without people. The European workforce is highly skilled in terms of current technology, but it must be retrained to seize the opportunity of the new technologies that will be developed and rolled out in the near future.

2.10. Under the generally accepted principle of leaving no one behind, special attention must be paid to the local communities where industrial facilities are established, given the changes that will occur in the coming years and the impact that those changes will have, in the short term, on employment in the areas concerned.

⁽¹⁾ Opinion of the European Economic and Social Committee on the Role of carbon removal technologies in decarbonising European industry (own-initiative opinion) (OJ C 486, 21.12.2022, p. 53).

3. New landscape in the EU and elsewhere

3.1. Meanwhile, the European Union must face the new challenges posed by the implementation of America's new IRA ⁽²⁾, which may provide an incentive for the relocation of a large part of the European industrial value chain to the USA, particularly those related to renewable and low-carbon technologies. The IRA consists of a mixture of grants, tax incentives and loan guarantees, accompanied by various social and economic conditions. Corporate tax credits comprise the bulk of the legislation, amounting to approximately USD 216 billion.

3.2. Tax credits for production are also available for wind and solar projects. Companies which want access to those production credits must comply with domestic content requirements: iron, steel and manufactured products of power-generating facilities must be produced domestically. All iron and steel manufacturing processes must take place in the United States, and manufactured products are considered domestically produced if a threshold percentage of the total manufacturing costs of products come from US-based mining, production or manufacturing processes. This threshold stands at 40 % and will increase to 55 % in 2026.

3.3. The Commission has proposed new legislation to cope with the challenge of American and Chinese competition to the European Union. The EESC is drafting an opinion on this topic.

3.4. The EESC recognises that the proposal is moving in the right direction; however, it is barely adequate to meet the ambitious target and improvements to the legislative process are needed.

3.5. The gap between gas prices in Europe and in the USA is enormous, even with the recent drop in European prices. Some like-minded suppliers are using the 'cost of opportunity' approach in relation to natural gas supply and prices, and the EU, once almost free of its dependence on Russian gas, is now entangled in an even more expensive framework of gas and electricity prices. This is undermining both EU industry's competitiveness and the deployment of electrification.

3.6. The decarbonisation process will increase the demand for electricity; the EESC calls for climate-neutral technology that gives priority to an affordable carbon-free power supply and energy security.

3.7. European companies must buy carbon certificates under the ETS framework. Carbon certificate prices are over EUR 80, and the price premium on electricity spot prices due to the increasing costs of carbon certificates is around EUR 40. With a few exceptions, the EU's other main trade partners do not have this kind of carbon price, and so it will be difficult in the future for EU industry to compete in the international markets, even with the CBAM shield for the single market.

3.8. The supply of affordable decarbonised energy is key to developing new industrial activities in Europe. The impact of the Net-Zero Industry Act (NZIA) on energy prices will be limited in the short term, and its long-term impact remains uncertain. The ambition of making Europe less dependent on imported energy and less exposed to global market volatility will not materialise overnight. Still, industry needs immediate solutions to cope with energy prices that are still higher in Europe than in many other parts of the world. The EU's Green Deal Industrial Plan will only be successful if the EU also reforms its energy policy, notably with a revised Electricity Market Design Directive that loses no time in securing a supply of affordable, low-carbon electricity corresponding to the increasing need for electrification.

3.9. The EU seems to be trapped between two approaches: it is striving to converge with the USA and keep a strong industrial footprint in Europe, while also complying with WTO rules which sometimes clash completely with the American approach.

3.10. Keeping the EU single market alive is another challenge facing the EU. As the Commission has pointed out, flexibility as regards State aid has been concentrated in two Member States that account for more than 70 % of the total clearance provided by the Commission under the transitional exception (in the context of COVID-19 and Russia's war against Ukraine).

⁽²⁾ Inflation Reduction Act of 2022.

3.11. The European institutions and Member States must avoid providing companies with excessive State aid in order to safeguard the single market, the cornerstone of the European Union. However, in order to enable SMEs to become digitalised and promote innovation, the de minimis threshold could be increased as it hardly hampers competition. The experience of the Digital Innovation Hub ⁽³⁾ must be spread across the EU.

4. The role of innovation

4.1. Innovation is key to enabling the EU to meet the net zero targets, and more commercially available technologies must be placed on the market. The role of innovation in companies is the key tool for deploying new and green technologies that are both technically and economically viable.

4.2. On the other hand, the need to encourage a fair market for 'real and reliable green goods', using public procurement as the main driver, must contribute to expanding the use of new green technologies.

4.3. Europe lacks raw materials, but the proposed regulation on Critical Raw Materials will promote domestically produced recycled raw materials for industry. The main competitive advantage of EU industry is its technological capability and highly skilled workforce, which allows it to be the leader in global markets.

4.4. This competitive advantage is now challenged by third countries, as the only tool for maintaining leadership is to shield innovation, striking the right balance between protecting the environment, people and innovation and speeding up regulatory authorisations, not only in 'special areas' as in the Commission proposal, but elsewhere as well. There are flagrant examples of unjustifiable delays in providing the clearance to develop new industrial facilities.

4.5. SMEs are the backbone of European manufacturing and in order to drive on decarbonisation, special attention must be given to them, with specific programmes to promote effective innovation and digitalisation.

4.6. As decarbonisation will require huge investments, the EESC suggests that the EU institutions use both Just Transition and NextGeneration EU funds to provide appropriate support for the decarbonisation process.

4.7. Current infrastructure is inadequate for the necessary changes in industry and society, and the EESC strongly urges the public authorities to launch a programme to maintain and improve the infrastructure needed to deploy the new technologies smoothly.

4.8. Hydrogen seems to be the best choice to decarbonise 'hard to abate' industries that are not eligible for full electrification. The EU's recent Hydrogen Bank initiative would help properly deploy this technology, in terms of quantity and price. Some regional experiences of innovation with hydrogen are very useful, as they bring together big companies, research centres, universities and SMEs.

5. The role of digitalisation

5.1. Digitalisation and innovation contribute significantly to the decarbonisation of European industry. In fact, industry, where digital technology and the physical production of goods converge, can be considered a key player in digital transformation and industrial decarbonisation, as it favours the modernisation of industrial processes, products and business models, with a positive effect on productivity.

5.2. Technologies such as sensors, machine-to-machine communication, data analysis and robotics create opportunities for manufacturing companies. Through production optimisation and automation, new technologies can make it possible for European companies to compete with countries with traditionally lower production costs.

⁽³⁾ <https://european-digital-innovation-hubs.ec.europa.eu/>.

5.3. Many sectors have already been heavily automated and are further impacted by digital technologies, for instance smart robotics for assembly, process control computers in the chemicals sector, and 3D printing for producing components and spare parts. The second wave of digital transformation driven by Artificial Intelligence, the Industrial internet of Things and Big Data is likely to be more disruptive and may cause inequalities between companies and between EU regions.

5.4. With the help of sensor technology, production can be monitored and optimised, for example by continuously monitoring the utilisation of production equipment, energy input, the need for raw materials and spare parts, product quality and emissions. Analysis of collected data can give the company insight into which processes work optimally and which can be improved, as well as the climate footprint.

5.5. Digitalisation has great potential for reducing industry's climate impact, but digitalisation and the handling of data must factor in the climate perspective.

6. Reskilling and upskilling

6.1. The green and digital transitions must be seen as an opportunity to create and promote high-quality jobs, while attracting diversity to the industry, and in particular seeking female talent, promoting openness to skilled workers from third countries and making an intensive effort to make the industry attractive to young people..

6.2. The European Commission has presented a wide catalogue of initiatives developed under the European Skills Agenda, including the European Pact for Skills and the European Year of Skills 2023. Skills partnerships will be created or extended. Net-Zero Industry Academies will be established to support upskilling and reskilling programmes in strategic industries for the green transition. State aid and IPCEIs should also provide additional financial resources to support skills objectives, and the EU budget and NextGenerationEU are already providing EUR 64,8 bn to support the EU Skills Agenda. Some current projects, under the Erasmus+ umbrella, such as ESSA ^(*), are very promising.

6.3. Social dialogue is key in order to properly deploy the new technologies and ease social and workers' acceptance of the future changes in working processes.

6.4. However, in order to take full advantage of digital technologies in production, it is important not to focus only on technology, but rather to think of the business and organisation as a whole. A digital strategy and action plans are needed to make digitalisation manageable.

6.5. The challenge is to ensure that the digital transformation leads to more social progress and leaves no one behind. Workers must be able to anticipate the consequences of new technological developments and to influence employers' decisions by means of an improved right to participation. The consequences of digital technologies must be discussed and lead to negotiated solutions at all levels: company, sector, national and European.

6.6. The EU workforce must be properly reskilled and upskilled in order to have the new skills needed to master new job requirements. Current skills must be assessed, in the framework of social dialogue, as regards whether or not they are valuable for future developments.

6.7. Keeping up a lively and effective social dialogue will definitely contribute to better deployment and acceptance of new technologies, minimising the social costs.

Brussels, 12 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

^(*) <https://www.estep.eu/essa/>.

Opinion of the European Economic and Social Committee on ‘Decarbonisation of the fishing fleet’

(Exploratory opinion at the request of the Spanish Presidency)

(2023/C 349/08)

Rapporteur: **Javier GARAT PÉREZ**

Referral	Letter from the Spanish Presidency of the Council, 30.1.2023
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Outcome of vote (for/against/abstentions)	155/0/0

1. Conclusions and recommendations

1.1. The EESC welcomes the strategy on the energy transition of the EU fisheries and aquaculture sector⁽¹⁾. The EESC recognises the need to reduce CO₂ emissions and fully supports the search for sustainable, renewable and commercially viable energy alternatives, as well as the drive to reduce energy dependency on third countries. The EESC calls on society, businesses and, in particular, the fisheries sector to contribute to achieving climate neutrality by 2050.

1.2. The EESC points out that the fishing industry is part of the solution to mitigating the effects of climate change: fishers provide one of the healthiest animal proteins, with one of the smallest carbon footprints. In fact, according to Unctad data, emissions from the sector will account for between 0,1 % and 0,5 % of the world total in 2023. The European fleet in particular has reduced its emissions by 50 % since 1990⁽²⁾. This is why it is a key strategic sector for our society, and essential for providing for the population and promoting a healthy diet. That said, the EESC calls for further efforts to increase energy efficiency and reduce emissions.

1.3. The EESC calls for an appropriate and realistic decarbonisation timetable in which technological, logistical and legislative developments go hand in hand. Anything less will lead to a disproportionate increase in costs (which cannot be absorbed in the price of fish, as this would make it a luxury item) and to business losses, precariousness and unemployment. The cost of the transition should not be unbearable for employers and workers in the various maritime sectors, nor leave anyone behind.

1.4. The EESC recognises that the development and global availability of alternative and innovative green technologies, new fuels and carbon-neutral energy sources are the biggest challenges facing the fisheries sector. Developing these fuels and the necessary infrastructure is fundamental for achieving decarbonisation. The EESC sees hybridisation as an intermediate solution, even though it does not constitute immediately abandoning fossil fuels.

1.5. The EESC stresses that national and European administrations have a plethora of energy solutions at their disposal to address climate challenges. Today, 100 % of fishing vessels use diesel. According to specialists, renewable, low-carbon fuels that are not plant-based are the most viable alternative for steering the fisheries sector away from fossil fuels in the

⁽¹⁾ COM(2023) 100 final.

⁽²⁾ See annual emission data sent annually by the European Commission to the United Nations Framework Convention on Climate Change (Kyoto Protocol), in accordance with the guidelines defined by the IPCC, which display the evolution of CO₂, CH₄ and N₂O emissions in tonnes between 1990 and 2020 for the EU fisheries sector (see Tables 1.A(a)s4, 3s1 and 3s2, 1.A(a)s3, 1.D).

short term, although their price today is practically double that of diesel, and availability is still very low. While aviation is following a separate path with the development of sustainable aviation fuels (SAF), and since other technologies such as hydrogen and electricity are better suited to sectors like shipping and road transport respectively than to fishing vessels, the EESC calls for a clear political signal giving these substitution fuels in priority to the latter over the former. The EESC emphasises that, as long as these alternative fuels remain undeveloped, the ambitious targets set out in both the European Green Deal and the Fit for 55 package cannot be achieved ⁽³⁾.

1.6. The EESC believes that the huge cost of decarbonising a sector as difficult to electrify as the fishing sector goes far beyond the scope of European funding. The challenge will be how to keep the fisheries sector and its contribution to food security alive. It is essential to have institutional support and targeted financing and credit measures that reach all Member States and their fleets. In this connection, the EESC is concerned about the current limitations of the European Maritime, Fisheries and Aquaculture Fund (EMFAF), which cannot be used to implement this transition, as recognised by the Commission itself. In addition, in order to meet these costs, the EESC calls for exploring other sources of financing, such as the European Investment Bank, using customs duties for carbon border adjustment, and mobilising resources linked to energy taxation and redirecting them to the fisheries sector. The EESC points out that the average age of the European fleet is 31,5 years ⁽⁴⁾, and calls on the European Commission to create an emergency fund that would speed up decarbonisation. The Committee also calls for stronger complementarity between existing policies and the cohesion and regional development funds in order to help channel funds and avoid competition between regions.

1.7. The EESC notes that any energy source change will require new vessels designed in a completely new way, with a higher on-board capacity (gross tonnage) to accommodate new machinery. However, the definition and limits of fishing capacity set out in the Common Fisheries Policy complicate this progress. The EESC therefore calls on the European Commission to review the definition of fishing capacity in order to be able to implement new technologies related to the energy transition.

1.8. The Committee asks that the EU refrain from introducing taxes on fuel (diesel) used for fishing operations until new propulsion technologies are commercially available and the legislative framework allows the modernisation, installation and use of such technologies.

1.9. The EESC welcomes the Commission's proposal to establish a new multi-stakeholder partnership on the energy transition. The EESC believes it is essential to consult not only the fisheries sector but also workers' unions, technical specialists, shipyards, engineers and ports in order to find concrete, practical and sustainable solutions. The EESC calls for a comprehensive plan in order to strengthen European capacity to build environmentally friendly fishing vessels. Such a plan should provide for particularly favourable tax treatment for shipyards.

1.10. In particular, the EESC calls for promoting pilot projects on new energy sources, creating innovative sea-industry value chains, providing new and unknown technologies to users, generating sustainable jobs by developing a new industrial activity, and enhancing the circular economy. The EESC also calls for resources to be allocated to train crews to handle new technologies on board safely and effectively. The only way to fairly withstand the impacts of the transition is to avoid burdens falling disproportionately on workers or companies.

1.11. The EESC would like to take the opportunity of this exploratory opinion to place the problem of decarbonisation into a broader strategic framework. The last section of this opinion outlines a vision for the future of a sustainable EU fisheries sector that should guide the Committee's future work.

2. Background

2.1. On 21 February 2023, the European Commission published the strategy for the energy transition of the EU fisheries and aquaculture sector. The strategy highlights the need to reduce dependency on fossil fuels and to switch to renewable and low-carbon energy sources as soon as possible, in line with the European Green Deal goal of reaching climate neutrality in the EU by 2050.

⁽³⁾ Opinion of the European Economic and Social Committee on 'Proposal for a regulation of the European Parliament and of the Council on the use of renewable and low-carbon fuels in maritime transport and amending Directive 2009/16/EC' (COM(2021) 562 final — 2021/0210 (COD)) (OJ C 152, 6.4.2022, p. 145).

⁽⁴⁾ https://oceans-and-fisheries.ec.europa.eu/facts-and-figures/facts-and-figures-common-fisheries-policy/fishing-fleet_en.

2.2. The Commission notes that energy is one of the main operational cost items in the EU fisheries and aquaculture sector. The hike in energy prices resulted in marine-diesel prices more than doubling in 2022 compared to average prices in 2021, putting the economic viability of the EU fleet and aquaculture activities under tremendous pressure. In this context, about 40 % of the inshore fleet, 66 % of the deep-sea fleet and 87 % of the distant-water fleet were not profitable at the energy price levels of 2022. As a result, to continue operations, much of the fisheries and aquaculture sector had to rely on financial support provided by the Member States and by the financial tools made available at EU level.

2.3. In this regard, the Commission highlights the structural vulnerability of the EU fisheries and aquaculture sector. To change this situation, the Communication proposes several lines of action:

- apply innovative technologies and practices for the energy transition;
- create a regulatory and financial framework for fisheries fit for the energy transition;
- identify and address the challenges of and barriers to the energy transition;
- enable the energy transition of the fisheries sector: set up platforms and studies.

3. General comments

Emissions

3.1. The EESC supports the commitment to have a carbon-neutral footprint by 2050 and stresses the need to accelerate the energy transition and the decarbonisation of the fisheries sector. This transition should be balanced so that the costs of retrofitting are distributed among all operators in a way that does not distort their ability to operate. Furthermore, the transition should be feasible and take into account the specific characteristics of the fleet (in particular the size and operation of vessels), so that the production structure is able to adopt new technologies leading to new propulsion methods.

3.2. While GHG emissions from the maritime transport sector have increased globally in recent years, emissions from the EU fishing fleet have decreased by up to 50 %⁽⁵⁾ thanks to improved energy efficiency (see examples in points 4.11 and 4.12) and reduced fleet size. On the latter point, despite EU enlargements, the number of EU vessels in 2020 was 73 716⁽⁶⁾, compared to 103 834 in 1996, which means 30 000 fewer fishing vessels in 25 years, with only 56 111 active vessels (75 % below 12 metres). European figures shrink further when viewed against global figures, with the world fleet estimated to comprise 4,1 million fishing vessels in 2020⁽⁷⁾. It is estimated that, with 564 000 vessels, China has the largest fishing fleet in the world. In terms of fisheries production, China accounted for almost 15 % of global catches in 2020, compared to the EU's 4 %. In view of the above, it is essential to maintain a modern and competitive European fishing fleet.

3.3. In order to assess progress in the fleet's CO₂ reductions, the EESC believes that it is essential to establish a base year that does not penalise the sector, that recognises its efforts and that continues to guide it towards neutrality. The EESC recognises that the EU fleet has been making progress on the path to climate neutrality since 1990. As a result, it believes that setting 2005 or 2008 as the base year for the reduction of emissions by the fisheries sector would simply not recognise the progress made and would penalise the fishing industry given its specific characteristics and limitations.

Moving to renewable and zero or low-carbon energy sources

3.4. The fisheries sector is entirely dependent on fossil fuels, which means that any solution must be considered in the medium to long term. However, given the need to combat climate change and take advantage of technological progress in other sectors, the search for solutions for the fisheries sector needs to begin urgently, supported by an emergency fund to accelerate decarbonisation.

3.5. The EESC highlights, as more realistic measures in the short term, mixed solutions such as the introduction of hybrid engines, the complementary or auxiliary use of existing renewable technologies (solar, wind, electric), as well as the use of advanced alternative fuels (not produced from food and feed crops).

⁽⁵⁾ <https://ebcd.org/wp-content/uploads/2021/11/Je%CC%81ro%CC%82me-UAPF.pptx>.

⁽⁶⁾ <https://op.europa.eu/en/publication-detail/-/publication/bba413d1-484c-11ed-92ed-01aa75ed71a1>.

⁽⁷⁾ <https://www.fao.org/3/cc0461en/online/sofia/2022/capture-fisheries-production.html>.

3.6. The EESC particularly points to renewable low-carbon fuels due to their compatibility with conventional combustion engines and with existing supply systems and their production. In addition, they can be distributed using existing industrial facilities such as refineries. They also increase Europe's energy independence as indigenous raw materials are used to produce them, unlike the oil or minerals required for battery production. These fuels also create great opportunities for job creation and industrial wealth, and could play a crucial role in boosting Europe's economy. However, it should be kept in mind that renewable low-carbon fuels are currently more expensive than diesel, and their availability is still very low.

3.7. The EESC emphasises that some of the new alternative propulsion sources, such as electricity, surged in price before Russia's unprovoked invasion of Ukraine. The EU must therefore bear in mind that switching from fossil fuels to other renewable energy sources will not always involve a drop in costs.

Need for fleet renewal and appropriate financing mechanisms

3.8. In addition to the need to close gaps in technological knowledge and innovation, there is a limiting factor intrinsic to the current European fishing fleet: vessels are, on average, over 30 years of age. This means that vessel owners cannot consider the vast majority of potential modernisation investments. The EESC believes that simply changing the engine is neither sufficient nor feasible on such old vessels. As a result, it is essential to put in place an EU fleet renewal plan that will complete the move to sustainable fishing with modern 21st-century vessels. This strategy would also help to improve the fleet's socioeconomic prospects.

3.9. The EESC welcomes the Commission's proposal to develop a specific guide and database on EU funding and financing instruments for the energy transition. However, the Horizon Europe programme currently does not have a specific call for fisheries. In addition, funding under the new European Maritime, Fisheries and Aquaculture Fund (EMFAF) is very limited, as it only has low aid rates for fleet investments, and subsidies depend on the size of vessels (e.g. engine replacement financing measures are limited to vessels under 24 metres). Moreover, funding is heavily dependent on factors such as fleet balance, absence of serious infringements and fishing capacity, which unfortunately is still not being properly measured. In view of the above, the EESC considers it essential to establish a specific fund and credit lines to modernise and renew the fleet.

Barriers to the energy transition

3.10. As a general rule, alternative energy sources require more space and constitute an additional danger to safety on board. However, unlike the shipping industry, the fisheries sector is subject to capacity constraints in the EU in terms of gross tonnage (space), which makes it even more difficult for vessels to install new technologies and make investments. In this regard, it should be noted that the use of certain decarbonisation technologies on small-scale fishing vessels is even more problematic.

3.11. The EESC stresses that the inadequate definition of fishing capacity in the common fisheries policy (CFP) not only makes it difficult in general to modernise the fleet by installing new technologies, but also hinders social and safety improvements. The space on board intended for the kitchen, cabins, toilets or recreational areas, which has nothing to do with the capacity to catch or store fish, is now included for fishing capacity purposes. The CFP is in clear contradiction with the requirements laid down in social legislation⁽⁸⁾, such as the ILO Work in Fishing Convention C188.

3.12. The EESC believes that the strategy for the energy transition should take these factors into account and therefore propose a review of capacity measurements, so that new technologies can be introduced and the fleet can be modernised. The new measurements that could be used are the 'net tonnage' or the formulas used in Norway and Iceland, which exclude from the calculation those areas intended for workers' leisure and rest, on the basis of factors such as the allocated quota or the size of the vessel. Such a review could also include the improvements in habitability needed to make the sector more attractive to younger workers, to address the generational gap and to facilitate the inclusion of women in the fisheries sector.

⁽⁸⁾ Social impact study of gross tonnage and propulsion power ceilings and possible alternatives, carried out as part of a social dialogue project.

Taxation of traditional fuels

3.13. As a new structure will prove to be an exercise in economic risk for EU vessel owners, the EESC calls for policies to be adopted that will offer them legal certainty. It is therefore vital to delay the introduction of new taxes on traditional fishing fuel (diesel) until new propulsion and fuel technologies are commercially available and until the legislative frameworks for the necessary renovations are fully in place, otherwise the sector could suffer.

Energy Transition Partnership for EU Fisheries and Aquaculture

3.14. The sector has no guidelines, either from technology providers or policymakers, on what direction it should take for decarbonisation. The EESC therefore welcomes the Commission's initiative to set up an expert group to provide advice on the various alternatives available, future developments, market developments, etc. It is particularly important to identify the technologies that will work best for each fleet segment and region, and it may be necessary to combine different energy sources. In addition, it would be useful to carry out information and awareness-raising campaigns on the sea-industry chain in order to incentivise decarbonisation.

The blue economy

3.15. The blue economy encompasses all economic activities that depend on the sea. The various sectors that make up the blue economy are interdependent (fisheries, biotechnology, seafaring, maritime transport, aquaculture, shipyards, supply chains, logistics and transport), as they are based on common competences and shared infrastructure (ports, logistics networks and electricity distribution), and on the sustainable use of marine resources. The EESC stresses the need to implement a holistic decarbonisation strategy and to find synergies between the various links in the chain. Furthermore, the EESC calls for adequate human resources and skills in order to design, build and operate modern vessels. It is imperative to attract skilled labour.

4. Specific comments

Advanced fuels

4.1. The EESC highlights the potential that advanced fuels not produced from food and feed crops offer in terms of the circular economy, the fight against coastal rural depopulation and, of course, the strengthening of the EU's energy independence. In line with the EU's CO₂ neutrality targets, the net CO₂ emissions of such alternative fuels when they are burnt in engines can fall to zero if they are produced with renewable electricity.

4.2. For various reasons, the Commission limits the use of plant-based biofuels, which the EESC has welcomed in various opinions. However, there is no clear strategy for the development and introduction of alternative fuels, which would be important not only for the fisheries sector but also for other industries. There is also a lack of prioritisation as to which of the hard-to-decarbonise sectors (of which fisheries is one) should have priority access to such fuels. This complicates the fisheries sector's efforts to advance decarbonisation as quickly as possible. The EESC points out that renewable, low-carbon fuels are a common sense option on the path towards decarbonising sectors that are difficult to electrify, such as fisheries. Advanced alternative fuels that are not produced from food and feed crops will be more expensive, due to their scarcity and more complex technology. As previously pointed out by the EESC⁽⁹⁾, for this to happen, the price gap between fossil and alternative fuels needs to be bridged and cleaner fuels need to become more affordable and widely available.

4.3. The EESC points out that current biodiesels come from crops (palm oil, rapeseed, soybean and sunflower) which do not ensure full decarbonisation; furthermore, there is not enough raw material. The solution (not yet available) would be to mix existing diesel with increasing amounts of electro-diesel, a synthetic fuel made of green electrolytic hydrogen and captured CO₂. These e-fuels are produced from carbon dioxide that has previously been captured from the atmosphere or from industrial processes that produce CO₂, before it is released.

⁽⁹⁾ Opinion of the European Economic and Social Committee on 'Proposal for a regulation of the European Parliament and of the Council on the use of renewable and low-carbon fuels in maritime transport and amending Directive 2009/16/EC' (COM(2021) 562 final — 2021/0210 (COD)) (OJ C 152, 6.4.2022, p. 145).

4.4. Initially, sustainable advanced fuels will not be produced in sufficient quantities to meet the demand of the fisheries sector, which is estimated to be 50 million tonnes worldwide in 2050 (maritime transport currently consumes around 300 million tonnes and heavy road transport about 900 million tonnes). However, by then, lorries are expected to be electric, so the entire amount could be used for maritime purposes. In 2020, the fisheries sector in Europe consumed around 1 900 million litres of marine diesel. Political decisions need to be made to make sure that such prioritisation will happen.

4.5. The EESC therefore calls for the accelerated development and production of advanced fuels that are not based on food and feed crops⁽¹⁰⁾ and for a clear political decision giving fishing vessels priority access to these advanced fuels at an affordable price.

Alternatives to decarbonisation: alternative propulsion systems

4.6. Various energy initiatives have been developed around the world; however, most of them are pilot projects that face a series of challenges in terms of their installation and use in the fisheries sector. Another challenge that needs to be overcome is the need to develop infrastructure in Europe and in fishing ports in third countries to recharge fishing vessels, similar to what we have for land vehicles. In this regard, the EESC welcomes pilot projects launched for offshore charging through the use of buoys or offshore wind farms⁽¹¹⁾. This way an electric or hybrid vessel would be able to recharge its batteries without having to approach the port.

4.7. Liquefied natural gas (LNG) as a marine fuel is already a reality, as it is produced and has infrastructure, especially in Europe. However, a recent study⁽¹²⁾ shows that, although LNG engines emit 25 % less CO₂ than diesel per unit of engine power, this gas is largely made up of methane, whose greenhouse effect is much higher than CO₂. The study estimates that, over a period of 100 years, the benefits of using LNG would only be a 15 % reduction in GHG emissions. This is why LNG is an important step forward, but cannot be considered a definitive solution for the long term. In addition, it would have to be mixed with biomethane and e-methane, which are scarce and expensive fuels. Tanks are three times larger than normal and installed on the deck, causing capacity and safety problems.

4.8. While also not a viable alternative as a means of propulsion, the EESC recognises the importance of ammonia in the decarbonisation process. Ammonia refrigeration is widely used in large fishing vessels, particularly in those that freeze or process their catches on board. This energy source is environmentally friendly because it has no known effect on the ozone layer. However, it is a gas, meaning that it would be vital to strengthen the safety of fishing vessels and better prevent leakage.

4.9. Hydrogen (H₂) also does not seem to be viable in the fisheries sector and is even problematic for merchant vessels. The main reason for this is that it requires storage tanks four times larger than for fossil fuels. However, hydrogen fuel cell engines deserve special mention. This is an electrochemical device that directly converts chemical energy into electrical energy. The electrochemical process that takes place is highly efficient and has minimal environmental impact, particularly if the electrolysis (which requires energy) is produced by solar or wind sources. The EESC believes that it would be worthwhile to assess the possibilities of developing this technology for fishing vessels, including its use as auxiliary energy on board.

4.10. With regard to newly built vessels, the EESC is keen for technological solutions for merchant vessels to be explored and implemented. For example, it seems that methanol could be used in dual engines, based on using diesel and adding a methanol mixture, as green methanol becomes available. Other technologies and areas for improvement that could be effective include sail-assisted fishing vessels, improved hydrodynamics, improved energy systems, such as switching to electrical mechanisms from mechanical and hydraulic mechanisms, and light construction and materials (e.g. non-metallic trawl doors).

⁽¹⁰⁾ Opinion of the European Economic and Social Committee on the communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Towards a Strong and Sustainable EU Algae Sector (COM(2022) 592 final) (OJ C 228, 29.6.2023, p. 126).

⁽¹¹⁾ <https://www.maersksupplyservice.com/2022/01/25/maersk-supply-service-launches-venture-company-stillstrom/>.

⁽¹²⁾ https://theicct.org/sites/default/files/publications/LNG%20as%20marine%20fuel%2C%20working%20paper-02_FINAL_20200416.pdf.

4.11. It should also be noted that the fishing industry has been working together with the scientific community for decades to improve the design and efficiency of fishing gear. A great deal of technical progress has already been made, with many innovative fishing techniques, as a result of increasing selectivity, reducing contact with the seabed and/or navigation resistance, as well as reducing fuel use⁽¹³⁾. An example of innovative gear is semi-pelagic trawl doors that can eliminate contact with the seabed by operating 2–5 metres from the bottom. This technique results in a significantly lower impact on benthic ecosystems and less by-catch. This new technology also reduces fuel consumption and therefore pollution and GHG emissions.

4.12. The EESC points out that reducing the ecological footprint of fisheries will not depend solely on activities related to propulsion. To this end, the EU should invest in new commercial uses for marine products (pharmaceuticals, cosmetics, etc.) in order to make the maximum possible use of the fish caught. In parallel, the EU should also incentivise companies to use materials that can be recycled, promote circular economy initiatives on board vessels to reuse waste, and finance marine waste-collection programmes such as Fishing for Litter⁽¹⁴⁾. The improvement in the state of fish stocks has also led to a reduction in fishing effort and, as a result, in fishing time, as well as in fuel consumption. Similarly, emission reductions can be achieved by optimising fleet management and logistics (5–50 % GHG reduction) and fishing trips (1–10 % GHG reduction)⁽¹⁵⁾.

4.13. The EESC notes that some new technologies offer fishing vessels only a limited range. For example, the current electrical energy prototypes offer a range of 5–6 hours, which would be insufficient for a full day of fishing (which can last up to 12–14 hours), not to mention fishing trips lasting several weeks. Improving vessel design and efficiency is equally important.

5. 'Friends of fish and fishers': a vision for the future of a sustainable fisheries sector in the EU

5.1. In recent years, the European Economic and Social Committee has developed strategic visions in several areas: in comprehensive food policy⁽¹⁶⁾, in sustainable rural-urban development⁽¹⁷⁾ and in a well-being economy⁽¹⁸⁾. The time has come for the EESC to also develop a long-term comprehensive vision for a sustainable EU fisheries sector — a vision that, together with all efforts made in the areas of biodiversity, sustainable food policy, health and well-being, good working conditions, sustainable rural and urban development and strategic autonomy, should commit the EU to decarbonising the sector in order to ensure the economic viability needed to deliver on the European Green Deal and implement the 2030 Agenda. In line with the FAO's blue transformation strategy, and in the context of the EESC's broader call for an EU blue deal, the Committee highlights the need to ensure and sustainably increase the contribution of aquatic food systems to healthy, safe, nutritious and affordable diets for all, with the ultimate aim of reducing the EU market's dependence on fish imports.

5.2. The EESC would like to take the opportunity of this exploratory opinion to place the problem of decarbonisation into a broader strategic framework. A comprehensive approach for a sustainable fisheries sector should be implemented throughout the following six areas.

5.2.1. Biodiversity

In line with SDG 14 on 'Life below water' and linked to the historic COP15 agreement on biodiversity⁽¹⁹⁾, the EESC reaffirms its unwavering commitment to maintaining healthy and productive fish stocks, as well as to promoting other biodiversity-related aspects in the fisheries sector. All commercially exploited species should reach maximum sustainable yield (MSY) levels or higher within the shortest possible timeframes that would maintain the long-term economic viability of the various fishing fleets. In this regard, scientists carrying out the assessments at the International Council for the Exploration of the Sea (ICES) and the Scientific, Technical and Economic Committee for Fisheries (STECF) should be

⁽¹³⁾ <https://www.ices.dk/news-and-events/news-archive/news/Pages/InnovativeFishingGear.aspx>.

⁽¹⁴⁾ <https://fishingforlitter.org/>.

⁽¹⁵⁾ NSAC Advice Ref. 17-2122. NSAC Advice on decarbonisation of fishing fleet.

⁽¹⁶⁾ Opinion of the European Economic and Social Committee on 'Civil society's contribution to the development of a comprehensive food policy in the EU' (own-initiative opinion) (OJ C 129, 11.4.2018, p. 18).

⁽¹⁷⁾ Opinion of the European Economic and Social Committee 'Towards a holistic strategy on sustainable rural/urban development' (own-initiative opinion) (OJ C 105, 4.3.2022, p. 49).

⁽¹⁸⁾ Opinion of the European Economic and Social Committee on 'The sustainable economy we need' (own-initiative opinion) (OJ C 106, 31.3.2020, p. 1).

⁽¹⁹⁾ Decision 15/4, Kunming-Montreal Global Biodiversity Framework.

equipped with the necessary resources so that they can fill in the missing data. Where there is insufficient scientific data, the precautionary principle will be applied systematically to fish stock management, including reducing catches when recommended by scientists. Where necessary, scrapping schemes with adequate budgetary resources to adjust fleet size to fishing opportunities available will involve reskilling options for crew members.

5.2.2. Decarbonisation

The EU fisheries sector should commit to achieving a CO₂-neutral balance by 2050 by meeting the energy transition targets set by the European Union and supported by innovation and technology. A comprehensive study on the state of the art and available technologies is a first step towards finding a tailor-made solution (instead of a 'one size fits all') for each fleet segment.

5.2.3. Fair wages, safety and working conditions

Fishers will receive the tools and guidance needed to focus on the impending and necessary transition, however they should also receive support both during the decarbonisation processes and during the wider structural transformation processes. Renewing fishing vessels in order to improve liveability, living conditions and safety on board (making the sector more attractive, and thus making generational renewal possible) is a priority. Other necessary improvements related to decarbonisation include the shift from propulsion systems and auxiliary systems to others that are more advanced and efficient, and the use of modern, energy-efficient and selective fishing gear that does not have a negative impact (or that has a negligible impact) on the health and biodiversity of the wider ecosystem. This requires a comprehensive study at EU level on the technologies available for the energy transition in the fisheries and aquaculture sector, and their respective costs and benefits for each fleet segment, taking into account national circumstances. Reskilling and upskilling the workforce is equally important so that workers in the maritime industry are trained and prepared for the energy transition (in line with the European Skills Agenda for sustainable competitiveness, social fairness and resilience). Given the precarious economic situation of the fishing industry in many parts of Europe and the continuous reduction of the fleet, strategic plans and instruments should be developed to improve the competitiveness of the sector, supporting its development and innovation to contribute to a fair standard of living for those who depend on fishing activities.

5.2.4. Rural and remote coastal areas

Although diversification and partial conversion to other areas of activity (such as recreational fishing or other sustainable tourism sectors) can be introduced when allowed by spatial planning, it is undeniable that the fisheries sector remains the main source of employment and income in many coastal regions and localities, not only for on-board personnel but for workers in all related industries and services. Abandoning fishing would mean not only the decline and progressive depopulation of these regions, but also an irreparable loss of the cultural heritage that defines and determines the very essence of our European societies. All actors involved must work in a way that gives a more positive light to the fisheries sector. In addition, inland aquaculture can offer new economic opportunities for rural areas.

5.2.5. Healthy and sustainable diets

Sustainable fishing provides animal proteins that not only have the lowest carbon footprint but also have excellent nutritional qualities. Current meat consumption patterns of Europeans should prioritise quality over quantity, however this is not the case with fish intake, which is below the dietary recommendations in most cases. Public authorities should prioritise promoting fish consumption at affordable prices for the population as a whole, for example by promoting less well-known species. As the cornerstone of a healthy and balanced diet⁽²⁰⁾, fish should benefit from reduced VAT.

5.2.6. Strategic autonomy and the role of aquaculture

The European Union imports three quarters of the fish it consumes. Beyond the trade imbalance there is the problem of the unequal health security guarantees of these imports, which are not subject to 'net-to-plate' traceability. To address this shortcoming the EU should use bilateral and multilateral trade instruments to import only sustainable seafood products produced in third countries whose standards are equivalent to those in the EU, ensuring fair competition on a level playing field. Similarly, the aquaculture sector has an undeniable potential to meet the demands of the EU fisheries market.

⁽²⁰⁾ Opinion of the European Economic and Social Committee on 'Promoting healthy and sustainable diets in the EU' (own-initiative opinion) (OJ C 190, 5.6.2019, p. 9).

Sustainable growth can be achieved by providing space for new operations through adequate spatial planning and by streamlining the licensing process, which often relies on multiple departments and even different levels (national, regional, local) of public administrations. For the EU to ensure its food sovereignty, every opportunity to sustainably increase fish and seafood production must be seized.

Brussels, 12 July 2023.

*The President
of the European Economic and Social Committee*
Oliver RÖPKE

**Opinion of the European Economic and Social Committee on the economics of an ‘EU Blue Deal’ —
water-related investment needs in the EU**

(own-initiative opinion)

(2023/C 349/09)

Rapporteur: **Florian MARIN**

Plenary Assembly decision	25.1.2023
Legal basis	Rule 52(2) of the Rules of Procedure Own-initiative opinion
Section responsible	Economic and Monetary Union and Economic and Social Cohesion
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Outcome of vote (for/against/abstentions)	181/6/5

1. Conclusions and recommendations

1.1. The Committee considers access to safe, clean and quality water a fundamental right and finds it totally unacceptable that there are still people who have no access to water in the EU.

1.2. Water economy development in the EU should be inclusive, well-regulated, transparent, highly digitalised, resilient, sustainable, predictable and secure, putting people first and generating added value. It is essential for all industries to bear the societal cost of their water consumption in a fair way.

1.3. The Committee urges the EU institutions to accord equal significance and focus to the EU Blue Deal as it did to the EU Green Deal, with both being fully complementary.

1.4. The future regulatory framework of the EU Blue Economy has to:

- be based on the principle of a wellbeing economy;
- transversally integrate social conditionalities and territorial solidarity;
- strike a balance between environmental, social and economic concerns;
- benefit from transnational innovative governance models that encourage financing, regulate the involvement of the private sector, improve the management of water resources and stimulate EU competitiveness;
- adopt collaborative business models and shared economy principles;
- adopt an institutional framework that will not burden the competitiveness of EU economic activities in the global market;
- offer greater transparency regarding sustainability initiatives.

1.5. The EESC is calling for:

- a shift in the current economic model towards a more sustainable one that taxes overconsumption and is fully consistent with the Sustainable Development Goals (SDGs);

- water prices across Member States to be evaluated in accordance with the ‘polluter pays principle’;
- adapting basic economic concepts such as market rules, economic viability or productivity to take into account the multilateral values of water;
- coherent legislation in all Member States on an EU mechanism for storing water during wet periods;
- a long-term strategy to increase resilience against water scarcity;
- the Extended Producer Responsibility (EPR) to be extended to residual water management;
- addressing the issue of non-revenue water (NRW) ⁽¹⁾ by prioritising ongoing maintenance; initiatives aimed at significantly reducing water leakages and research for new technologies for leakage detection;
- thorough and immediate evaluation of the underground sewer systems in all Member States, including centralising data at EU level;
- adaptation of the State aid rules to the characteristics of water investment;
- prices that take long-term water security into account;
- investments in working conditions, quality jobs and training and specific activities in this field, especially targeting the younger generation.

1.6. Acknowledging that achieving progress towards climate-neutral industries should also consider industrial emissions into water, the adverse impacts on human health, and the resulting social costs for society, the EESC calls for the development of specific standards on water usage in different economic sectors, such as agriculture or industry. This can be accomplished by establishing an expert group tasked with creating sector-specific guidelines for water use.

1.7. The EESC is proposing:

- to develop an EU Blue Deal and an EU Water Agenda in close synergy with the EU Urban Agenda ⁽²⁾, the Ljubljana Agreement ⁽³⁾ and the Long-Term Vision for Rural Areas ⁽⁴⁾;
- a rationalisation of water consumption through the implementation of the following measures:
 - price differentiation between consumption for domestic use and essential public services, and consumption for productive use;
 - a pricing system that effectively discourages unsustainable consumption while incentivising consumption for productive purposes;
 - that the design of the price include a minimum requirement of free water to ensure human rights;
- to ensure full transparency of the costs and price of water towards all stakeholders;
- public planning exclusively at a river basin level (including underground water) in such a way that the EU general interest is protected and ensuring that the required ecological water flow is maintained at the originating body of water;

⁽¹⁾ Non-revenue water (NRW) is water which is lost in the water distribution system, never reaching its final destination. This means water not used or paid for, which affects local economies as well as available local resources.

⁽²⁾ Urban Agenda for the EU.

⁽³⁾ Ljubljana Agreement and Multiannual Working Programme — Renewing the Urban Agenda for the EU.

⁽⁴⁾ Long-term vision for rural areas: for stronger, connected, resilient, prosperous EU rural areas.

- to adopt and strengthen regulatory frameworks on water concession agreements to manage water as a public good, more than as a commodity that can be traded. Prices for the population should reflect that water is a public good;
- to dedicate specific attention and financing to cross-border water projects;
- exchange of significant water-related innovations among Member States and encouraging bottom-up experimentation taking into account the specificity and complexity of water.

1.8. The Committee considers EU funds vital for sustainable transition of water and is calling for:

- Member States to treat water investment as a high priority in reallocations within the various programmes;
- increased complementarity between European Structural and Investment Funds (ESIF)⁽⁵⁾, the Recovery and Resilience Facility, InvestEU, Interreg Europe and other funds;
- a dedicated call for proposals and guidelines that take the complexity and specificity of water into account;
- a dedicated operational programme for water and for Integrated Territorial Investments (ITI) for the blue economy;
- water sectors to be recognised as a strategic priority in the 2028–2034 programming period and, where relevant, a dedicated operational programme for water;
- a Blue Transition Fund;
- assuring technical assistance for Member States to implement water projects.

1.9. The Committee considers it crucial to incorporate resilience into water-related investment evaluation criteria, as it can reduce the expenses associated with recovery from unpredictable events, when paired with optimal investments in risk-reduction measures.

1.10. Efficient coordination and complementarity should exist between the European Commission, European Investment Bank (EIB) and European Bank for Reconstruction and Development (EBRD) in terms of financing water investments alongside common Key performance indicators (KPIs) within the EU strategic framework.

2. Policy and strategic framework

2.1. Water economy development should be inclusive, well-regulated and transparent, while taking into account the many differences across regions and communities. It should also be highly digitalised, resilient, sustainable, predictable and secure, ensuring complementarity across industrial sectors and actors, putting people first, protecting life and generating added value through a tailored approach in a sustainable and fair ecosystem.

2.2. The EESC highlights the importance of new perspectives on policy frameworks, institutional arrangements and investment planning, including greater transparency regarding sustainability initiatives and the creation of precise guidelines and classifications for sustainable and innovative investments. Since the sustainable use and protection of water and marine resources is one of the six environmental objectives established in the Taxonomy Regulation⁽⁶⁾, specific delegated act for sustainable use of water are needed (green labels, ecosystem restoration). The EESC highlights the EU's shared values pertaining to services of general economic interest, as defined in Article 14 of the Treaty on the Functioning of the European Union (TFEU), and outlined in Protocol No 26 on services of general interest attached to the Treaty on European Union (TEU) and the TFEU⁽⁷⁾.

⁽⁵⁾ 2014-2020 European structural and investment funds.

⁽⁶⁾ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

⁽⁷⁾ OJ C 202, 7.6.2016, p. 307.

2.3. The specificity of water requires the water economy to be regulated with full respect for human dignity and rights, transversally integrating social conditionalities, equitability and basic human and societal needs. The EESC calls for an adapted judicial system for the water sector, built in cooperation with international organisations, with fast procedures to deal with water-related disputes. Dedicated supranational and multisectoral monitoring structures and governance bodies should be established for more efficient and appropriate control of businesses in the water sector and water use in general. The role of the public sector in water management should be increased, when the market is incapable of guaranteeing fair access to water for everyone.

2.4. The EESC concludes that specific institutions in all Member States should be established with the goal to ensure that informed decisions are made regarding water use and that water is used responsibly and efficiently. In order for citizens to fully exercise democratic control, it is necessary to ensure that citizens know the water cycle and its price. The Committee calls for the EU Blue Deal to have the same level of importance and attention as the EU Green Deal did.

3. The Blue Economy

3.1. The EESC believes that the future of the water economy should be based on the principle of a wellbeing economy and calls for basic economic concepts such as market rules, economic viability or productivity to take into account the various values of water. Competitiveness should be redefined so that it generates prosperity, taking into account human needs and fair access to water for people, communities and industries. The social aspects should be transversally integrated in the water economy.

3.2. There is a clear need for a paradigm shift in governance to consolidate the water economy, including striking a balance between environmental, social and economic concerns. Innovative transnational governance models that encourage financing, regulate the ethical involvement of the private sector, improve the management of water resources and stimulate EU competitiveness are necessary.

3.3. The pressure on water economy business models is fuelled by the effects of climate change, greenhouse gas emissions, rapid urbanisation, migration, population growth in industrialised urban areas and industrial activities, but also innovative sectors such as blue bio-economy, bio-technology and desalination. Businesses should integrate collaborative business models and shared economy principles to better respond to current water-related societal and environmental challenges. Interaction and cooperation between local, regional, national and international institutions taking into account the many types of stakeholders present in the water sector and cross-sectorial dialogue must be intensified.

3.4. The Committee urges the Commission to establish a fair competition framework for EU-based companies as regards their global counterparts, and to strengthen the implementation of international agreements on economic collaboration, working conditions and environmental protection.

4. Water economics

4.1. The EESC believes that the current economic model that encourages water consumption through taxes and incentives should be reversed to become a more sustainable one that is fully consistent with the SDGs. Water use should not only be sustainable, but also contribute to restoring nature in the short and long term. The EESC is asking for a global fiscal deal for financing the climate efforts and water investments.

4.2. Clear and efficient coherence between various taxes imposed on water at local, national and European level should be facilitated. The EESC is calling for:

- the development of a water tax system for ground and surface water based on deductions for facilitating access to water for every person and industrial actor;
- water prices across Member States to be evaluated in accordance with the 'polluter pays principle';
- imposing taxes and surcharges for unsustainable water use, while incentivising sustainable use of water;

— a revision of the EU Industrial Emissions Directive ⁽⁸⁾ as regards impact on the EU water ecosystem.

4.3. The EU is facing increased demand for water, a situation which will become more prominent in the future. Differences between water supply and demand can be a result of either water scarcity or floods, which can have devastating consequences. The imbalances between water supply and demand are negatively impacting industries, consumers and citizens. Progress towards achieving climate-neutral industries should consider industrial emissions into water ⁽⁹⁾, as well as the adverse effects on human health and the resulting social costs to society. It is essential for industries to bear the societal cost of their water emissions.

4.4. The EESC demands coherent legislation in all Member States on an EU mechanism for storing water during wet periods, namely through construction of storage tanks and underground aquifer recharge systems. The EESC is asking for a long-term strategy to increase resilience against water scarcity, taking into account the regional climatic specificities and industrial characteristics.

4.5. Restructuring water price design in Europe needs to take into account sharing the burden for ecosystem services among stakeholders and a differentiated approach in implementing the full-cost pricing principle. One of the approaches is that water for domestic use and essential public services should have a significantly lower price than the water used for productive activities. Price incentives should take into account the link between marginal cost pricing and economic efficiency, equitability and sustainability, and be part of a larger package that encourages sustainable water consumption.

4.6. The Committee demands full transparency of the costs and price of water towards all stakeholders. The EESC is asking for administered prices in certain well-defined situations and requires careful monitoring to ensure household consumers receive the services they are paying for. Water commercial speculation should be avoided.

4.7. The EESC notes that the impact of pollution and overexploitation of groundwater aquifers places a disproportionately high burden on poor and socially vulnerable people. Water tariffs must be evaluated with great attention, as they can have distortive effects, generate water poverty and create social distress among the population. The EESC is asking that constructive discussion at EU level on a fair water price design be started. The design of the price should include a minimum requirement of free water to ensure human rights. The structure of the prices should take into account current and future societal, climate and industrial challenges. The EESC is suggesting that the price design transversally take into account long-term water security.

4.8. The EESC believes that Extended Producer Responsibility should be extended to residual water management and supports the current revision of the Urban Waste Water Treatment Directive ⁽¹⁰⁾ ⁽¹¹⁾. Synergy between EPR schemes, eco-design and information requirements should be introduced. Dedicated awareness campaigns connecting disparate and diverse stakeholders should be put in place for consumers in order to understand and recognise the sustainable use of water.

4.9. To ensure adequate maintenance of water systems and encourage increased water supply, it is crucial to address the issue of non-revenue water by prioritising ongoing maintenance initiatives aimed at significantly reducing water leakages. In order to properly finance such initiatives, the introduction of a 'golden rule' for public investments is necessary. The EESC underlines that poorly managed and underfunded maintenance, coupled with inadequate asset management, are causing significant economic losses. New technologies to detect leaks have to be developed immediately and dedicated support should be developed in this regard.

⁽⁸⁾ Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17).

⁽⁹⁾ Industrial pollutant releases to water in Europe, European Environment Agency.

⁽¹⁰⁾ Proposal for a revised Urban Wastewater Treatment Directive.

⁽¹¹⁾ Council Directive 91/271/EEC of 21 May 1991 concerning urban waste-water treatment (OJ L 135, 30.5.1991, p. 40).

4.10. The Committee is worried about insufficient assessments of the condition of underground sewer systems in many Member States and demands a thorough and immediate evaluation, including centralising data at EU level. The cost of not intervening is far greater than the cost of repairs in sewer networks.

5. Regional implications of water

5.1. Access to safe, clean and quality water is a fundamental right and vital to everyone's health, dignity and prosperity. The Committee finds it totally unacceptable that there are still people who have no access to water in the EU.

5.2. The EESC considers it vital for water to be mainstreamed in all related policies (energy, commercial, industrial, agriculture, etc.) and that Member States ensure synergies between investments in various sectors adjacent to water, like urban development, food, agriculture and energy. Water is crucially important for urban and rural development.

5.3. The EESC is proposing that an EU Blue Deal and an EU Water Agenda based on water investment partnership be developed, in close synergy with the EU Urban Agenda, along with a thematic partnership concerning water in accordance with the Ljubljana Agreement and in full complementarity with the Long-Term Vision for Rural Areas. Assuring territorial solidarity, adapted multilateral governance structures for dealing with differences between rural and urban areas and consolidation of regional water operators are important.

5.4. Particular attention should be given to islands in the Mediterranean area and outermost regions that face water supply shortages during specific drought periods due to their geographical location. For these areas, the necessary water supply must be ensured through a system that guarantees supply to families and economic operators.

5.5. The EESC is proposing public planning exclusively at a river basin level (including underground water) in such a way that the EU general interest is protected, and ensuring that the required ecological water flow is maintained at the originating body of water. Measures and water investments to protect areas from flooding or, anticipating droughts and protecting navigability, aim to retain more water, should aim at the same time to enhance biodiversity and respect geomorphological characteristics of the river basin.

5.6. Considering its public nature, the EESC is suggesting that the right of use of water should be well defined, measured and monitored, taking into account all legal forms like concessions, permits, licenses, contracting rights and outright ownership, along with respecting water as a common good. The use rights should be easily measurable in well-defined terms.

5.7. The EESC recommends that the EU adopt and strengthen regulatory frameworks on water concession agreements to manage water as a public good, beyond and more than as a commodity that can be traded. Prices for the population should also reflect that water is a public good with full respect of Article 14 of TFEU and Protocol 26 annexed to TEU and TFEU. The EESC is calling for restrictive rules in order to protect the water resources of the EU from being used in the interest of non-EU stakeholders.

6. EU funds

6.1. The EESC is asking for more synergy at the level of the call for proposals and operational programmes to tackle the specificities of water investments and maximise the quality absorption of the EU funds dedicated to water and the blue economy. The seasonal and cyclical characteristics of water activities at the call for proposal level and in programming should be taken into account. The Committee is calling on the Member States to treat water investment as a high priority in reallocations within the various programmes, and for the adaptation of the State aid rules to the characteristics of water investment.

6.2. The EESC considers the European Maritime, Fisheries and Aquaculture Fund⁽¹²⁾ insufficient to support the development and transition of the blue economy. It is urgent to diversify the eligible activities, increase complementarity between ESIF⁽¹³⁾, the Recovery and Resilience Facility, InvestEU, Interreg Europe and other funds. Furthermore, the competition principle of ESIF water projects should account for the basic needs that water is meeting.

6.3. The EESC notes that Community-Led Local Developments, Fisheries Local Action Groups and Integrated Territorial Investments (ITI) are instruments which only partially cover water investment needs. The EESC calls for a dedicated operational programme for water and for an ITI for the blue economy, a correlation between different calls for proposals and an impact assessment of investment financed by EU funds which are targeted at water infrastructure. The EESC suggests that a Blue Transition Fund should be established by either ensuring a thematic concentration of the existing funds, or adding new funds. The fund should be dedicated to water-poor regions and should cover the transition towards sustainable water management, avoiding inequalities concerning water access and to support the EU 2050 targets being in full complementarity with the Just Transition Fund.

6.4. The EESC concludes that water sectors should be recognised as strategic in the 2028–2034 programming period of the next MFF, and, given its recognised role as the voice of EU organised civil society, the EESC should be involved in the Smart Specialisation Platform for Sustainable Blue Economy⁽¹⁴⁾. The EESC is proposing to add a mandatory *ex ante* conditionality for the 2028–2034 programming period.

7. Financing the transition to new sustainable business models

7.1. The EESC advises Member States to investigate how public budgets and risk-mitigation tools (like guarantees and credit enhancement instruments) can be strategically employed to improve the risk-return profile of investments and attract commercial finance, crowdfunding and equity investments. The Committee is worried that public funding allocation will be problematic in some Member States due to the current level of public debt, increased interest rates and deterioration of sovereign credit rating. The EESC notes that the financing of private investments in the construction of water networks can be discouraged by the risk of facing corruption and regulatory unclarity, as well as, by the fact that such investments have a medium to long-term time horizon.

7.2. The EESC believes that water-related sustainable investments should be enhanced by using sustainable financing instruments like green bonds, social bonds and green loans, accompanied by consistent definitions of sustainability across various jurisdictions and greater level of standardisation and transparency in data. The EESC is proposing the regulation of blue bonds for water investments at EU level, along with tailored investment instruments for water dedicated to SMEs (e.g. via seasonal credits). The EESC is also asking Eurostat to provide a dedicated chapter and statistics for water economy data.

7.3. Incorporating ESG⁽¹⁵⁾ factors into the investment decision-making process enables a wider range of investment opportunities and promotes financial stability. The EESC demands investments in infrastructure, working conditions, quality jobs and training, and calls for specific activities and campaigns for water literacy, especially targeting the younger generation. Assuring a predictable and long-term career path and adequate wages is crucial for maintaining the human resources in the water sector.

7.4. Member States must understand, promote and support water investments, including using technical assistance funds, and dedicated support should be delivered by the Commission in this regard, especially in opportunities to reuse water. The EESC considers it crucial to direct financial resources towards projects that reduce water consumption and generate water re-use in all Member States, in line with Article 9 of the Water Framework Directive⁽¹⁶⁾.

⁽¹²⁾ European Maritime, Fisheries and Aquaculture Fund.

⁽¹³⁾ 2014-2020 European structural and investment funds.

⁽¹⁴⁾ <https://s3platform.jrc.ec.europa.eu/blue-growth>.

⁽¹⁵⁾ Environmental social governance (ESG).

⁽¹⁶⁾ Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1).

7.5. Efficient coordination and complementarity should exist between the European Commission, EIB and EBRD in terms of financing water investments. This includes the development of common KPIs within the EU strategic framework, as well as the cyclical monitoring within the European Semester. Public banks across the EU also have an important role regarding water investments, and stakeholder collaboration with private banks should be consolidated.

8. Investments

8.1. Investment decisions in the EU must follow a thorough evaluation of the long-term water demand, availability of water resources and financing options, while also considering the challenges posed by climate change adaptation. The Committee believes that long-term investment planning should also quantify specific demographic trends and should be aligned with initiatives in other sectors, such as urban planning, land use or agriculture. Improvement in water facilities should also take into account maximising blue carbon storage. The EESC is urging Member States to implement synchronised spatial planning initiatives and big data analytics systems. Investment and financing in the water sector should take the operational expenses into account in an integrated way.

8.2. The EESC is asking for dedicated standards concerning water use in various economic sectors, for instance agriculture and industry, by building an expert group to develop sectorial water use guidelines, which would include the EESC.

8.3. Innovation and technology are key to drive efficiency in water management. The exchange of significant water-related innovations among Member States and the encouragement of bottom-up experimentation are crucial. Additional efforts are necessary to evaluate the economic, social and environmental costs and benefits of various investment pathways, ranging from local level to basin, national, trans-boundary and even global level. Implementing innovative technologies, such as low-cost satellite monitoring systems that track critical water parameters, can enhance the collection and analysis of water data. The involvement of the Member States should be taken into account in this regard.

8.4. To raise adequate long-term capital aligned with the SDGs, natural capital projects related to water that face higher structural risks often require de-risking. Higher costs, lower earnings and financial losses related to water risks need to be carefully considered. Traditional loans and grants, venture capital, private and public equity, pension and investment funds should also be used. The possibility of green-washing persists as a result of a lack of consistent standards for green bonds and ESG investment funds.

8.5. The Commission must encourage the use of all relevant EU funds and partnership opportunities through social partners and civil society organisation networks to reach all stakeholders, with particular emphasis on SMEs. Blended finance can play an important role due to the low return of water infrastructure projects, nevertheless water service companies are still a good investment vehicle.

8.6. The EESC considers it crucial to incorporate resilience into water-related investment evaluation criteria. Resilience can reduce the expenses associated with recovery from unpredictable events like storms, floods, wildfires, droughts, cyber-attacks or pandemics when paired with optimal investments in risk-reduction measures. Specific attention and financing should be directed towards cross-border water projects.

8.7. Insufficient investment and lack of efficiency expenditure in water-related projects is the main reason why the EU and the rest of the world are not making significant progress in achieving SDG 6 on water and sanitation. The EESC highlights that Europe has the opportunity to transform water-related challenges into novel prospects for technology development, societal advancement and business growth, with the ultimate goal to achieve a water-secure and resilient economy, with full and productive employment opportunities and quality jobs for all. The EU can become a global leader in the water reuse field.

Brussels, 13 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

ANNEX

The following amendment, which received at least a quarter of the votes cast, was rejected in the course of the debate (Rule 74(3) of the Rules of Procedure):

Amendment 8

Point 1.4

Amend as follows:

Section opinion	Amendment
<p>The future regulatory framework of the EU Blue Economy has to:</p> <ul style="list-style-type: none"> — be based on the principle of a wellbeing economy; — transversally integrate social conditionalities and territorial solidarity; — strike a balance between environmental, social and economic concerns; — benefit from transnational innovative governance models that encourage financing, regulate the involvement of the private sector, improve the management of water resources and stimulate EU competitiveness; — adopt collaborative business models and shared economy principles; — adopt an institutional framework that will not burden the competitiveness of EU economic activities in the global market; — offer greater transparency regarding sustainability initiatives. 	<p>The future regulatory framework of the EU Blue Economy has to:</p> <ul style="list-style-type: none"> — be based on the principle of a wellbeing economy; — transversally integrate social conditionalities and territorial solidarity; — strike a balance between environmental, social and economic concerns; — benefit from transnational innovative governance models that encourage financing, regulate the involvement of the private sector, improve the management of water resources and stimulate EU competitiveness; — introduce a ‘golden rule’ for investments in public infrastructure; — adopt collaborative business models and shared economy principles; — adopt an institutional framework that will not burden the competitiveness of EU economic activities in the global market; — offer greater transparency regarding sustainability initiatives.

Reason

The amendment is in line with the modification already proposed and explained for point 4.9: Introducing a ‘golden rule’ for public investments is necessary for consolidating the position of water as a common good, as it is already mentioned in EU legislation.

Outcome of the vote

In favour: 84

Against: 93

Abstention: 17

The following paragraph of the section opinion was amended to reflect the amendment adopted by the assembly but received more than one quarter of the votes cast (Rule 74(4) of the Rules of Procedure):

Amendment 6

Point 4.9

Amend as follows:

Section opinion	Amendment
<p>To ensure adequate maintenance of water systems and encourage increased water supply, it is crucial to address the issue of non-revenue water by prioritising ongoing maintenance initiatives aimed at significantly reducing water leakages. The EESC underlines that poorly managed and underfunded maintenance, coupled with inadequate asset management, are causing significant economic losses. New technologies to detect leaks have to be developed immediately and dedicated support should be developed in this regard.</p>	<p>To ensure adequate maintenance of water systems and encourage increased water supply, it is crucial to address the issue of non-revenue water by prioritising ongoing maintenance initiatives aimed at significantly reducing water leakages. <i>In order to properly finance such initiatives, the introduction of a 'golden rule' for public investments is necessary.</i> The EESC underlines that poorly managed and underfunded maintenance, coupled with inadequate asset management, are causing significant economic losses. New technologies to detect leaks have to be developed immediately and dedicated support should be developed in this regard.</p>

Outcome of the vote

In favour: 93

Against: 76

Abstention: 12

Opinion of the European Economic and Social Committee on ‘Access to water: tackling water poverty and its implications for social policy’

(own-initiative opinion)

(2023/C 349/10)

Rapporteurs: **Kinga JOÓ and Carlos Manuel TRINDADE**

Plenary Assembly decision	25.1.2023
Legal basis	Rule 52(2) of the Rules of Procedure Own-initiative opinion
Section responsible	Employment, Social Affairs and Citizenship
Adopted in section	21.6.2023
Adopted at plenary	13.7.2023
Plenary session No	580
Outcome of vote (for/against/abstentions)	171/19/22

1. Conclusions and recommendations

1.1. The EESC fully endorses the United Nations resolutions affirming that water is a basic human right ⁽¹⁾ and that it is fundamental to the enjoyment of life and all human rights ⁽²⁾. The UN Sustainable Development Goals (SDGs), in Goal 6, and the European Pillar of Social Rights (EPSR) of the European Union, in principle 20, establish the general principles of the right of access to water. In a scenario of climate change, water poverty takes on greater importance and requires public policies to combat it. In a situation of water scarcity, it is the vulnerable population that is more affected.

1.2. The EESC calls on the European Commission and the Member States to apply a human rights-based approach to all water policies, and to address water poverty, thereby also aligning with the EPSR. Water and sanitation services (WSS) should be sustainable, equitable, effective, of high quality and affordable for all, and should pay special attention to vulnerable social groups.

1.3. The EESC believes that universal access to drinking water and sanitation of high quality at fair prices for the population should be treated as a public good and not merely a commodity, which is why it should not be managed according to the rules of the single market.

1.4. The EESC calls on the Commission to promote a common approach to understanding water poverty at EU level and develop a comprehensive definition of water poverty that allows for a tangible and shared understanding of water poverty ⁽³⁾, and within which each Member State can develop its own context-dependent definition, in accordance with the European one.

⁽¹⁾ <https://www.ohchr.org/en/water-and-sanitation>.

⁽²⁾ <https://digitallibrary.un.org/record/687002>.

⁽³⁾ Opinion of the European Economic and Social Committee on Tackling energy poverty and the EU's resilience: challenges from an economic and social perspective (exploratory opinion requested by the Czech Presidency) (OJ C 486, 21.12.2022, p. 88).

1.5. The EESC calls on the Commission to develop common guidelines to monitor access to quality and affordable WSS⁽⁴⁾ and their spatial, social and gender disparities at Member State and EU level, as well as to map the state of play and regularly monitor developments. Data should be reliable, valid and publicly available. This is also necessary in order to comply with Article 16(a) of Directive (EU) 2020/2184 of the European Parliament and of the Council of 16 December 2020 on the quality of water intended for human consumption⁽⁵⁾ (called hereafter the Drinking Water Directive (DWD)), and the EESC expects that the European Commission proposal for the Recast of the Urban Wastewater Treatment Directive (UWWTD)⁽⁶⁾, introducing an Article 19 on Access to Sanitation, will be adopted.

1.6. The EESC proposes to the Commission that the forthcoming review of the DWD should include the guarantee of universal access to WSS, as set out in UN SDG 6. The EESC advises the Commission to adopt common guidelines for the pricing of water and sanitation, within which the Member States can develop their context-dependent regulatory frameworks. Such guidelines should respect the human right to water and the principle of non-degradation, similar to that recommended by the UN on human rights and access to drinking water and sanitation.

1.7. The EESC emphasises that paying for WSS services should not compromise the fulfilment of other social needs. Therefore, the EESC calls on the Commission to make an overview of measures applied in all Member States concerning affordability and specifically on vulnerable consumers. On the basis of this overview, we call on the Commission to develop common guidelines for Member States to identify households with affordability problems, and more specifically vulnerable consumers, and measures to address them. Such guidelines should ensure that no users in a situation of vulnerability have their water supply disconnected⁽⁷⁾. Measures should be based on a holistic view of affected households' situations and should apply social policy instruments, housing policy measures, and specific measures concerning WSS services in a context-specific manner. The principle of solidarity should be taken into account in financing such measures; in addition to public funding, innovative forms of funding should be explored, e.g. establishing dedicated funds incorporated in water bills.

1.8. The EESC recommends that the EU adopt and strengthen regulatory frameworks on water concession agreements to manage water as a public good rather than as a commodity that can be traded. Such regulatory frameworks should:

- (a) be aligned with human rights;
- (b) promote sustainability of aquatic ecosystems;
- (c) be established and implemented in a transparent manner with public participation;
- (d) complement the framework of concession rights with public institutions to recover water use rights in exchange for fair compensation and reallocate them during drought crises to users in emergency situations.

1.9. The EESC notes that there is a fundamental difference between public and private water management and good and bad examples can be found in both. However, private management, due to its focus on profit, may have difficulty meeting the fundamental requirement of universality of service, i.e. serving 100 % of the population. The EESC believes that public water management is in a better position to guarantee universal access to water and sewage systems at a fair price and with adequate quality standards and the restoration and protection of ecosystems.

⁽⁴⁾ Complementing the monitoring set in the Drinking Water Directive (Directive (EU) 2020/2184).

⁽⁵⁾ OJ L 435, 23.12.2020, p. 1. 'Identify people without access, or with limited access, to water intended for human consumption, including vulnerable and marginalised groups, and reasons for such lack of access', <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020L2184>.

⁽⁶⁾ Proposal for a Directive of the European Parliament and of the Council concerning urban wastewater treatment COM(2022) 541 final, 2022/0345 (COD).

⁽⁷⁾ See also: <https://www.aquapublica.eu/article/news/access-water-and-sanitation-must-be-priority-commission-action-plan-implementation-pillar>.

1.10. The EESC believes that the EU and all Member States should adopt an environmental vision and develop programmes to fund water distributors to achieve a reduction of leaks and losses, one of the greatest scourges of water resource management. The EESC calls on the Commission and the Member States to consider and support new and innovative technical solutions to tackle water scarcity, such as increased use of grey water and treated wastewater, and decentralised, small-scale waste water treatment facilities.

1.11. The EESC calls on the Commission and the Member States to provide public funding for infrastructure development, with specific regard to resource-poor property owners and socially deprived urban and rural neighbourhoods with prolonged infrastructure renovation needs. Development of water and sanitation infrastructure related to the Renovation Wave should be considered. Furthermore, in spatial planning, environmentally, economically and socially sustainable provision of WSS services should be considered.

1.12. Carefully noting the existence of numerous river basins in Europe that involve multiple Member States, the EESC advises the adoption of a political and technical governance framework and the participation of civil society for each of the existing basins in the EU (see points 6.4 and 6.5). The EESC suggests that the Commission assess the performance of river basin management and introduce political, technical and participatory mechanisms to improve it. The Commission should introduce a River Basin Council that represents all stakeholders as a body to assist the River Basin Authority and give itself a role as mediator in transboundary conflicts.

1.13. The EESC recommends that the Commission:

- regulate super-water-intensive agricultural and industrial projects in relation to downstream environmental and social problems and, in some cases, develop a phase-out stage for these projects, finding solutions for the businesses, workers and territories involved, and allocating the necessary funds to achieve a balance in the solution found;
- develop legislation to ensure a minimum flow that reaches the sea;
- ensure that the EU adopts emergency plans prioritising access to water for human consumption in a scarcity crisis.

1.14. The EESC suggests that the EU draw up policies to protect consumers, ensuring that everyone has access to safe drinking water at a fair price and to adequate sewage systems. These policies should include the participation of the various stakeholders concerned (consumers, workers, businesses) in consultation bodies.

1.15. The EESC calls on the Commission and Member States to take measures to improve the awareness of EU residents on the value of water, the importance of access to water and sanitation for all. The potential of communication and education to raise awareness should be utilised to promote more sustainable use of WSS services⁽⁸⁾. Children and young people should be targeted as key actors in sustainable use of WSS services in the future, however, awareness raising should encompass all age groups. In the case of households in water poverty, awareness raising should be integrated into other measures to improve households' access to quality and affordable WSS.

1.16. The EESC emphasises that the EU's and the Member States' water policies should be accompanied by systematic surveys of the personnel requirements in the water sector including the necessary qualifications, workforce development, and occupational health and safety management. These should be carried out together with the social partners in the sector.

⁽⁸⁾ As also emphasised, among other things, in the messages and policy recommendations of the 2016 Budapest Water Summit (https://www.budapestwatersummit.hu/hu/Vilagtalalkozo/Letoltheto_dokumentumok) and the Budapest Appeal of the 2019 Water Summit (https://www.budapestwatersummit.hu/en/Summit/Budapest_Appeal).

2. Introduction and scope of the opinion

2.1. Water is fundamental to all aspects of life. It is also a key part of sustainable development and is essential for the peace of our civilization. Climate change has already exacerbated water-related problems, and it will continue to do so on an even larger scale in the future. Inadequate freshwater supplies are putting an increasing strain on human communities, especially vulnerable groups.

2.2. In 2010⁽⁹⁾, the UN General Assembly explicitly recognised the human right to water and sanitation, reinforced by the 2023 UN Water Conference⁽¹⁰⁾. The UN also acknowledges that clean drinking water and sanitation are essential to the realisation of all human rights. The 17 internationally agreed SDGs of the UN include Goal 6 — 'Ensure availability and sustainable management of water and sanitation for all'. Alongside these global commitments, principle 20 of the European Pillar of Social Rights states that 'everyone has the right to access essential services of good quality, including water and sanitation'.

2.3. The EU has established a comprehensive legal and governance framework to ensure the sustainable management of its water resources, and has made progress in implementing it⁽¹¹⁾⁽¹²⁾. Previous EESC opinions advocate linking challenges associated with water to measures to tackle poverty and the goal of eradicating it⁽¹³⁾, promoting the provision of water and sanitation as vital public services for all⁽¹⁴⁾, and facilitating access to drinking water for vulnerable groups and people living in isolated locations and in disadvantaged or peripheral rural areas⁽¹⁵⁾.

2.4. This own-initiative opinion draws attention to the current challenges concerning access to clean water and sanitation. It also explores measures to be taken at European, national and local level and the role of organised civil society in tackling water poverty and its effects, notably on the most vulnerable. Finally, it examines ways to mitigate the social, political and economic effects of water poverty and its impact on human health.

2.5. Water poverty is present in the EU, despite the EU's relatively favourable position in global terms. Lack of access to good quality and affordable water and sanitation, a situation which can be described as water poverty, is an everyday experience for millions of EU citizens. In other words, millions of Europeans are denied the right to access affordable and good quality water and sanitation.

2.6. However, water poverty has far-reaching social, economic and environmental consequences, including health risks at the individual and community level, decreased employability, and the deterioration of the local economy, social exclusion, environmental pollution, movements/migration of population, and political instability. Such consequences are vastly disproportionate to households' share of water use and wastewater production compared to industry and agriculture. This is reflected in the fact that the first successful European Citizens' Initiative concerned access to water and sanitation, demanding guaranteed WSS services for all in the EU, human rights above market interests in water provision and increased EU efforts to ensure universal access to water and sanitation⁽¹⁶⁾. Addressing water poverty is necessary in order to achieve the political priorities of the EC, with specific regard to the Green Deal and its promise to leave no one behind.

2.7. The DWD establishes an obligation for Member States to take all measures necessary to ensure access to drinking water for vulnerable and marginalised groups. However, it fails to recognise the universal right of access to safe drinking water and sanitation, as included in the SDGs. The EESC calls on the EC to include this recognition in the next revision of the DWD.

⁽⁹⁾ Resolution 64/292: *The human right to water and sanitation* (2010), https://www.un.org/waterforlifedecade/human_right_to_water.shtml.

⁽¹⁰⁾ https://sdgs.un.org/sites/default/files/2023-03/Closing%20press%20release_waterconference_FINAL_24Mar.pdf.

⁽¹¹⁾ Recast of the Drinking Water Directive (2018).

⁽¹²⁾ Proposal for a revision of the Urban Wastewater Treatment Directive (2022).

⁽¹³⁾ Opinion of the European Economic and Social Committee on 'Integration of water policy into other EU policies' (exploratory opinion at the request of the Hungarian presidency) (OJ C 248, 25.8.2011, p. 43).

⁽¹⁴⁾ Opinion of the European Economic and Social Committee on the Communication from the Commission on the European Citizens' Initiative Water and sanitation are a human right! Water is a public good, not a commodity! (COM(2014) 177 final) (own-initiative opinion) (OJ C 12, 15.1.2015, p. 33).

⁽¹⁵⁾ Opinion of the European Economic and Social Committee on the 'Proposal for a Directive of the European Parliament and of the Council on the quality of water intended for human consumption (recast)' (COM(2017) 753 final — 2017/0332(COD)) (OJ C 367, 10.10.2018, p. 107).

⁽¹⁶⁾ <https://right2water.eu/>.

2.8. The EESC notes with regret that the available data are limited and fragmented, which makes obtaining a comprehensive overview of the scale and characteristics of the phenomenon difficult.

3. Access to quality water and sanitation

3.1. 2,2 % of the EU population, approximately 9,8 million people, do not use safely managed drinking water from an improved source, accessible on their premises⁽¹⁷⁾. A further 2 %, approximately 9,4 million people, can only access basic drinking water services outside their premises⁽¹⁸⁾. Approximately 450 000 people resident in the EU⁽¹⁹⁾ do not have access to even basic drinking water services. 6,7 million people in the EU, 1,5 % of the population, live without sanitary facilities, that is to say in a household with neither a bath, a shower or an indoor flushing toilet, while 84,5 million people, 19 % of the population, live without access to at least secondary wastewater treatment⁽²⁰⁾.

3.2. Water poverty particularly affects vulnerable individuals and households.

- Households in poverty are more than three times likely to live without sanitary facilities⁽²¹⁾.
- Lack of access to water, sanitation and hygiene ('WASH') has a disproportionate impact on women in multiple ways, for example due to their disproportionate role in performing household chores, and due to issues associated with menstrual hygiene management.
- Children are disproportionately affected, being more prone to the consequences of poor hygiene.
- People living with a disability or specific needs also experience increased exposure to the consequences of water poverty.
- Homeless people, especially rough sleepers, are severely hit by the lack of WASH, due to their extreme housing poverty.
- Europe's largest ethnic minority, Roma people, are highly affected by a lack of access to safe and affordable drinking water and sanitation. Every third Roma person lives in housing without tap water⁽²²⁾, and just over a half have an indoor flushing toilet or a shower⁽²³⁾. There are examples of marginalised communities, in which Roma are overrepresented, being denied even basic drinking services, through public taps being closed down⁽²⁴⁾, and living in areas impacted by groundwater contamination due to economic activities⁽²⁵⁾.
- Migrants, especially undocumented migrants in emergency accommodation and informal accommodation can be especially exposed to poor access to WSS.
- Lack of access to affordable water and sanitation can impact vulnerable households' family businesses, creating social and economic problems.

⁽¹⁷⁾ <https://data.worldbank.org/indicator/SH.H2O.SMDW.ZS?locations=EU> (reference year: 2020). The percentage of people not using drinking water from an improved source that is accessible on the premises, available when needed and free from faecal and priority chemical contamination. Improved water sources include piped water, boreholes or tubewells, protected dug wells, protected springs, and packaged or delivered water.

⁽¹⁸⁾ <https://data.worldbank.org/indicator/SH.H2O.BASW.ZS?locations=EU> (reference year: 2020). This indicator encompasses both people using basic water services as well as those using safely managed water services. Basic drinking water services are defined as drinking water from an improved source, provided collection time is not more than 30 minutes for a round trip. Improved water sources include piped water, boreholes or tubewells, protected dug wells, protected springs, and packaged or delivered water.

⁽¹⁹⁾ Eurostat, https://ec.europa.eu/eurostat/databrowser/view/sgd_06_10/default/table?lang=en. https://ec.europa.eu/eurostat/databrowser/view/demo_pjan/default/table?lang=en.

⁽²⁰⁾ Eurostat, https://ec.europa.eu/eurostat/databrowser/view/sgd_06_20/default/table?lang=en. https://ec.europa.eu/eurostat/databrowser/view/demo_pjan/default/table?lang=en.

⁽²¹⁾ https://ec.europa.eu/eurostat/databrowser/view/ilc_mdho05/default/table?lang=en.

⁽²²⁾ <https://fra.europa.eu/en/content/fra-opinions-eu-midis-ii-roma>.

⁽²³⁾ <https://www.europarl.europa.eu/news/en/headlines/society/20200918STO87401/roma-what-discrimination-do-they-face-and-what-does-eu-do>.

⁽²⁴⁾ http://www.errc.org/uploads/upload_en/file/thirsting-for-justice-march-2017.pdf.

⁽²⁵⁾ <https://eeb.org/wp-content/uploads/2020/04/Pushed-to-the-Wastelands.pdf>.

3.3. Spatial disparities in water and sanitation infrastructure are an important — though not the only — factor in socially disparate access. In many areas, infrastructural problems and social problems intersect. Marginalised rural communities may be in an especially disadvantaged situation. In addition, in resource-poor neighbourhoods with prolonged renovation needs, poor quality infrastructure contributes to water poverty and environmental problems.

3.4. Meanwhile, demographic changes affect the spatial distribution of demand for WSS services. Urbanisation increases pressure on WSS services in many densely populated urban areas. In other parts of the EU, especially — but not exclusively — rural areas, population decrease poses challenges to the operation of networks.

3.5. While the aforementioned problems with lack of access to WSS primarily affect social groups, a much higher proportion of the EU population — 30 % on average — is affected by some form of water stress, i.e. a mismatch between the demand and supply of water ⁽²⁶⁾. People in southern Europe face severe water stress problems throughout the year. In other parts of Europe, water shortages occur occasionally and in specific hotspots. In total, 8 million people in Europe live in areas of high drought frequency or water stress ⁽²⁷⁾. Climate change is projected to cause a further seasonal reduction in water availability in most parts of Europe.

3.6. Moreover, by altering hydrological cycles, altering rainfall patterns, and increasing temperatures, climate change is a major factor affecting water stress, and has a direct impact on WASH in multiple ways. Droughts, temperature increase and even extreme rainfall reduce water availability and quality, and damage infrastructure, leading to difficulties in maintaining hygiene and sanitation behaviours. Sea-level rise may reduce the availability of drinking water due to flooding and saline intrusion. Evidence specifically for Europe is scarce; however, based on global trends it can be reasonably assumed that climate change has disproportionate effects on vulnerable individuals, households and communities ⁽²⁸⁾.

3.7. The amount of water used by households changes considerably depending on the Member State, varying between 77 to 220 litres per capita per day ⁽²⁹⁾. In eastern Member States, consumption tends to be lower than in western Member States, with some southern Member States being the largest consumers; however, there are outliers ⁽³⁰⁾.

3.8. Though the quality of water in the EU is generally good, quality problems persist in some areas, as shown by the non-compliance cases launched against some Member States based on the DWD. In addition, lack of access to safely managed drinking water, especially basic water services, does carry a high risk of unsafe drinking water use.

3.9. Satisfaction with drinking water quality is generally high, though not universal. Survey data from the mid-2010s shows that 82 % of EU residents considered the quality of drinking water in the area where they live to be good ⁽³¹⁾, with approximately 7 % disagreeing. The general assessment of drinking water in the EU was much less favourable, with just 27 % agreeing with the statement there is good access to wholesome and clean water in the EU overall.

⁽²⁶⁾ <https://www.eea.europa.eu/publications/water-resources-across-europe-confronting>.

⁽²⁷⁾ First hearing on 'Time for a Blue Deal', 27 February 2023.

⁽²⁸⁾ <https://www.preventionweb.net/understanding-disaster-risk/risk-drivers/poverty-inequality>.

⁽²⁹⁾ Eureau, The governance of water services in Europe, 2020 <https://www.eureau.org/resources/publications/5268-the-governance-of-water-services-in-europe-2020-edition-2/file>.

⁽³⁰⁾ <https://smartwatermagazine.com/news/locken/water-ranking-europe-2020>.

⁽³¹⁾ <https://circabc.europa.eu/sd/a/0070b535-5a6c-4ee4-84ba-6f6eb1682556/Public%20Consultation%20Report.pdf>.

3.10. While the overwhelming majority of EU residents use tap water for washing, personal hygiene and cooking, the proportion of people using tap water for drinking is somewhat lower. In the mid-2010s, over 90 % reported using tap water for cooking, while only 55 % said they always use tap water for drinking directly, with an additional 10 % always drinking tap water after filtering it.

3.11. Over recent decades, water has gone through a process of commodification and WSS services have undergone a process of privatisation and financialisation. In more recent years, these processes have been called into question and there are already examples of municipalities that have taken water services back. Water is essential to life, a common good, and a human right. In this context, the EESC believes that, as services of public interest, WSS services should be subject to a clear regulation guaranteeing service obligations, in order to ensure that water and wastewater management are universally achieved at an affordable price and with sufficient quality of service. The Commission should maintain exemptions for water and wastewater in the Concessions Directive (2014/23/EU) ⁽³²⁾ granted as a result of the successful European Citizens' Initiative on the 'Right2Water'. The EESC recommends that the Commission exempt water services from the rules of the single market.

4. Affordability

4.1. The affordability of WSS services is a growing concern for EU residents — among other reasons, due to the recent energy price increase — and expenditure for these services is expected to increase. Though, generally speaking, WSS costs do not pose an excessive burden on households, they often do so for low-income households, and the number of households affected is likely to increase. Using a 3 % threshold, in 13 EU countries the poorest 5 % of the population faces affordability problems for WSS, and in some countries even the lowest 10 % of the population are affected ⁽³³⁾. Meanwhile, such an approach to measuring affordability problems may be debated, may be difficult to measure, and may not indicate the full scale of the problem in that it fails to take into account households that under-consume, differences in water pricing ⁽³⁴⁾, and the relative income situation of households.

4.2. The price of WSS shows a high degree of spatial disparity between and within countries ⁽³⁵⁾, and, due to the lack of detailed statistics, no comprehensive overview can be made. However, distribution systems in rural areas are characterised by longer networks and higher operation costs, leading to higher tariffs.

4.3. In addition to lower income, vulnerable households may be more prone to issues of affordability due to poorer quality, less efficient equipment, and more time spent at home. Marginalised women, children and young people, as well as unemployed people, are disproportionately affected.

4.4. While prevailing affordability problems call for targeted and effective social measures, at present no comprehensive view can be obtained on EU Member States' measures to address affordability problems, including measures concerning vulnerable consumers. In addition, no comprehensive view is available on the possibility — or lack thereof — of service discontinuation, and on minimal service. However, partial information is available for some countries ⁽³⁶⁾, which shows a variety of such measures to address issues of affordability.

4.5. The WFD has deepened the concept of the polluter-pays principle through the objective of full cost recovery to guarantee the health of ecosystems. However, the application of this principle clashes with the principle of universal access to high-quality drinking water at affordable prices and in practice produces serious social consequences, in particular an

⁽³²⁾ Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts (OJ L 94, 28.3.2014, p. 1).

⁽³³⁾ https://www.eesc.europa.eu/sites/default/files/files/blue_deal_fiasconaro.pdf.

⁽³⁴⁾ <https://www.oecd-ilibrary.org/sites/e1b8a4b6-en/index.html?itemId=/content/component/e1b8a4b6-en>.

⁽³⁵⁾ <https://www.eureau.org/resources/publications/eureau-publications/5824-europe-s-water-in-figures-2021/file>.

⁽³⁶⁾ <https://www.wareg.org/documents/affordability-in-european-water-systems/>, <https://www.oecd.org/env/resources/15425332.pdf>.

increase in inequalities, since the poorest populations either face proportionally higher tariffs or are not subject to the principle set out above. The EESC believes that the principle of universal access to high-quality drinking water at affordable prices should be fundamental and considered along with the environmental concerns that are behind the polluter-pays and full cost recovery principles.

4.6. In order to comply with the human right to water, the protection of ecosystems, and social concerns, the water tariff structure is an important lever for affordability, efficiency, equity and water conservation. For that multiple purpose, there exist various tariff structures, including that of the Special Rapporteur ⁽³⁷⁾ on the human rights to safe drinking water and sanitation at the 76th UN General Assembly ⁽³⁸⁾.

5. Sustainability

5.1. In the framework of this opinion, we do not look at environmental problems such as saline intrusion or pollution, which may ultimately be responsible for social problems. The focus is on the human activities leading to overexploitation and causing conflicts of use. The most well-known similar problem is when one's own use of water prevents the use of another party. EU and national legislation try to deal with this through river basin management ⁽³⁹⁾, which has seen varying levels of implementation and achievement throughout Europe.

5.2. Overexploitation gives rise to an increase in scarcity and degradation of water quality and the quality of service. However, degradation of water quality also increases scarcity, not in a lack of the amount of water itself, but by decreasing the amount of water suitable for any purpose or at least increasing the funds needed to bring that water back to acceptable standards. To address the problem of overexploitation, we should focus on the causes instead of the consequences, which were discussed in the previous point. Overexploitation cause environmental problems, which are responsible for social problems, since human activities depend on ecosystems, particularly healthy ones.

5.3. A particular problem is emerging, namely the development of super-intensive agricultural and industrial projects in areas that are poor in water, whereby these projects are only possible with the transfer of water from other basins and by the overexploitation of surface waters, leading to environmental and social problems downstream. For instance, the overexploitation of a river leads to a decrease in sediments and nutrients reaching the sea, increasing the degradation of coastal areas and reducing fish stocks. On the whole, overexploitation leads to the depletion of ecosystems, which most affects the most vulnerable populations.

5.4. Social problems arise from the decrease in fisheries and, potentially, from a decrease in tourism on the seashore. While we can mitigate coastal degradation problems to sustain tourism through large investments, the same cannot be said for fish stocks. On the other hand, if the EU legislates in order to cease the projects responsible for overexploitation, it will have to face the unemployment of the workers involved.

5.5. Leaks and losses ⁽⁴⁰⁾ do not involve overexploitation, but constitute an inefficient and unacceptable use of water. However, this is an issue that requires a unique vision. When it comes to leaks and losses, the main vision of distributors of water for human consumption is an economic one ⁽⁴¹⁾. Leaks and losses are tackled to the point where it is more expensive to continue tackling them than to live with them. Typically, that point is around 15 % of leaks and losses ⁽⁴²⁾. Another vision is possible and, nowadays, with scarcity rising, such a vision is also much needed to go beyond 15 %.

⁽³⁷⁾ His proposition is a stepped tariff, whereby the first step should be affordable, and even free in certain circumstances, complying with the human right to water; a second step should be a cost recovery tariff; and the third step with much higher prices, generating a cross-subsidy from luxury to basic uses and preventing overexploitation. The EESC considers that the definition of the values of each step should be defined by every Member State or even by every WSS.

⁽³⁸⁾ 'Risks and impacts of the commodification and financialisation of water on the human rights to safe drinking water and sanitation', Report presented to the 76th UN General Assembly by the Special Rapporteur on the human rights to safe drinking water and sanitation, Pedro Arrojo Agudo, A/76/159.

⁽³⁹⁾ Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1) (Water Framework Directive).

⁽⁴⁰⁾ On the whole, leaks and losses refer to water physically lost and water not billed, keeping in mind that some of the water not billed is however authorised. For more detail, please consult a hydric balance.

⁽⁴¹⁾ For this paragraph, in the case of losses we are not referring to non-billed authorised consumption.

⁽⁴²⁾ This is the typical goal value in use in Portugal. Other EU countries can have different target values, but the value itself has no relevance to the development of our idea.

6. Governance

6.1. The EESC notes that worldwide water distribution and sanitation are a municipal competence, with different types of distributors (companies or municipal services) serving one or more municipalities, as well as the fact that in the European Union and around the world the overwhelming majority of people are served by public water companies. In addition to the different forms that water distributors can take, there is one key distinction: public and private management. Under each one of them, we can find different types of management. We can also find good and bad examples of both public and private management. Nonetheless, private management, with its focus on profit, may have difficulties meeting the requirements of service universality, a dimension that public service is in a better position to achieve efficiently at an affordable price and with sufficient quality of service. The EESC notes that this conclusion is supported by the examples of remunicipalisation of WSS in the last two decades.

6.2. To ensure quality of service, affordability and universal services, the participation of all stakeholders, at management level and in regulatory bodies, is the best means of keeping water distribution and sanitation on track to comply with SDG 6 in a scenario of growing scarcity and increasing prices. At water distributor level, there is a success story in Córdoba, where the municipal company EMACSA has a shared board involving stakeholders, being an example of participatory management⁽⁴³⁾. The regulatory bodies, instead of being headed by a single person, should have a board that involves stakeholders, in order to assure more effective regulation.

6.3. International rivers and water bodies can be a source of tensions and ultimately conflicts between states, even inside the EU. The EESC considers and proposes that the EU should become involved in the segment of river basin governance in which several Member States are involved, defining general principles, tangible objectives and qualified monitoring, as the best way to contribute to water management in times of scarcity, which provoke crises of various kinds.

6.4. Currently, the water governance model (dispersion and lack of hierarchical supervisory bodies and bureaucratic opacity) is inefficient. There is an urgent need to find a new model of governance for hydraulic ecosystems, particularly those involving several Member States. There are numerous authorities in the water sector with responsibilities at different steps of the water cycle, with conflicting visions and objectives and, sometimes, with overlapping responsibilities. The EESC proposes to the Commission that there should be a river basin governance framework with political and technical bodies at river-basin level to ensure, with maximum efficiency, general political guidance and technical management, as well as the involvement of all stakeholders through effective participation mechanisms.

6.5. In particular, the EESC proposes a governance model that is both political and technical, democratic and open, geared towards putting into practice the principle of universal access to quality drinking water at affordable prices for the public. The EESC proposes that there should be 'governance committees' made up of members from all of the countries concerned, with the task of providing political management and resolving any conflicts of interest between countries. These river basin governance committees should be assisted by a technical committee of experts and provide the technical management of the river basins. The 'governance committee' should publicly and rigorously establish the hierarchy of responsibilities between itself and the various entities that exist in the countries involved in the river basin so that there are no incompatibilities and no confusion regarding responsibilities. A 'consultative council' should operate alongside the river basin governance committee. This council will be made up of civil society organisations, in particular environmental, climatic and consumer organisations and the social partners, and will have the role of having a structured civil dialogue with the 'governance committee' and help resolve possible conflicts of interest.

Brussels, 13 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

⁽⁴³⁾ Enrique Ortega de Miguel and Andrés Sanz Mulas, 'Water Management in Córdoba (Spain): A Participative, efficient and Effective Public Model' in Reclaiming Public Water, TNI ed., 2005.

Opinion of the European Economic and Social Committee on ‘How to engage with the intended public and how to effectively use the results of the work of citizens’ panels’

(own-initiative opinion)

(2023/C 349/11)

Rapporteur: **Christophe QUAREZ**

Referral	Own-initiative opinion, 23.1.2023
Plenary Assembly decision	25.1.2023
Legal basis	Rule 52(2) of the Rules of Procedure
	Own-initiative opinion
Section responsible	Employment, Social Affairs and Citizenship
Adopted in section	21.6.2023
Adopted at plenary	13.7.2023
Plenary session No	780
Outcome of vote	
(for/against/abstentions)	163/4/8

1. Conclusions and recommendations

1.1. The EESC points out that participatory democracy can only be additional to representative democracy, which remains the cornerstone of our political systems. For the EESC, re-strengthening trust in politics requires continuously improving the way in which democracy works in the EU, particularly by developing participatory and deliberative mechanisms open to citizens, building on the existing set of EU instruments. Here, it would reiterate that the opinion of an association representing thousands of members holds far more weight than that of an individual citizen.

1.2. Experience in participatory democracy involving citizens’ panels have emerged in all Member States, thanks, in particular, to the development of digital tools. Initially limited to local or regional issues, the use of citizens’ panels to feed into public debates has gradually covered all policy areas, such as in Ireland (same-sex marriage and abortion) and in France (citizens’ climate convention), and for example with the Conference on the Future of Europe.

1.3. As the home of organised and representative civil society, the EESC has specific expertise and constitutes a unique and permanent forum for civil dialogue, where solutions are put forward based on consensus between different stakeholders. As such, it should play a major role in developing participatory instruments.

1.4. The EESC, as the established institutional voice of organised and representative civil society, must be at the heart of moves to strengthen participatory democracy in the European institutions. It is therefore proposed to consider through experimentation the range of participatory instruments the EESC can make use of, such as citizens’ panels, in its advisory work. In this case, the EESC’s Rules of Procedure will need to be adapted to incorporate this procedure.

1.5. As part of this reflection, the EESC could study its new role in developing expertise on all issues related to citizens’ participation and participatory democracy. In particular, the EESC Bureau could take decisions on issues such as the scope and methodology of the participation of citizens’ groups in the work of the EESC, as well as the subjects on which citizens’ panels are to be consulted. The EESC finds it useful to consider setting up a dedicated working group to establish any needed procedures, subject to availability of budgetary resources and following deliberation and decision by the EESC Bureau⁽¹⁾. This working group could work, i.a. on issues, such as:

— the procedure for integrating these panels into the EESC work;

⁽¹⁾ As noted in the EESC study, ‘Making the EESC the facilitator and guarantor of participatory democracy activities, including structured dialogue with civil society organisations and citizens’ panels’ (2023), any new form of EESC activity in relation to participatory democracy should be given the time, resources and attention it needs to be effective.

- the determination of criteria for the consultation topics of citizens' panels that ensure the inclusion of horizontal issues of a wider societal interest;
- the process for establishing a budget and the necessary human resources;
- the specifications for the random selection and the digital platform;
- the method to be used in the debates to ensure conclusive deliberations between the citizens' panels and EESC members, and how these debates are to be organised;
- for establishing the terms of reference that will determine how the results of the consultations are to be taken into consideration in EESC opinions;
- the conditions and timeframe for the pilot phase.

1.6. The EESC is particularly keen on the deliberative dimension of the citizens' panels, which would be involved in its work; as a complement to enrich the existing EU participatory toolbox.

2. The need for democratic renewal

2.1. European societies are almost all representative democracies. They are representative because governments are primarily elected by direct universal suffrage, most notably in parliamentary elections but also presidential elections.

2.2. The 21st century is being marked in Europe by a growing lack of trust in politicians and their actions, to varying degrees across countries. New and old democracies seem to be weakening, as evidenced by Brexit, by the difficulties that European democracies faced in agreeing on how to cope with the COVID-19 pandemic, by the anti-austerity and yellow vest protest movements breaking with traditional channels of democratic expression, and even by the rise in authoritarian populism. Furthermore, a revolution based on new technologies has encouraged the bypassing of intermediaries and the deregulation of political relations.

2.3. There are three objective indicators that can measure the extent of democratic decline from the point of view of the current crisis of democratic legitimacy in Europe: an increase in abstentions; greater electoral volatility; and a decrease in political party membership. In addition to these objective indicators there are also subjective indicators, such as the erosion of trust in public institutions.

2.4. For the EESC, re-strengthening trust in politics requires democratic processes to be improved. This means, first and foremost, that representative democracy, which is the basis of our political system, must find a new lease of life.

2.5. In addition, participatory or deliberative mechanisms can contribute to strengthening the link between the citizens and those who represent them, and render their respective responsibilities effective.

2.6. The EESC points out that in a representative democracy every citizen has the freedom to engage by joining the political party, trade union or association of their choice. This freedom is thus the first guarantor of a democratic system.

3. Is there a need to institutionalise citizen participation?

3.1. The number of participatory initiatives has increased exponentially in Europe, with thousands of experiments carried out, first at local or regional level through participatory budgets, and then at regional or national level for environmental, societal or institutional topics.

3.2. Laws and regulations in a number of countries have institutionalised not only local structures, but also more innovative schemes as well.

3.3. In Belgium, for example, permanent councils of randomly selected citizens have been set up by law in Brussels. The same can be seen in Ireland, where citizens' assemblies (sometimes linked to referendums) have paved the way for the legalisation of same-sex marriage and abortion, and in France, where citizens' conventions on climate and end-of-life have been created.

3.4. At EU level, the largest exercise of participatory and deliberative democracy to date has been the Conference on the Future of Europe, where four citizens' panels were organised to allow citizens to reflect together on the future they would like for the European Union. The EESC was formally involved in this initiative. It welcomes the fact that this pilot project is being thoroughly evaluated so that lessons can be learned about how to improve possible future initiatives.

3.5. In particular, the EESC regrets the low level of coverage and interest that this conference received in the Member States, as well as the confusion about its objectives.

3.6. In the final report⁽²⁾ of the Conference on the Future of Europe, recommendation 36 on information and participation of citizens, and recommendation 39 on the EU decision-making process, are giving the EESC a clear mandate to structurally strengthen its institutional role as guarantor and facilitator of participatory democracy activities, such as structured dialogue with civil society organisations and citizens' panels. From an institutional point of view, the EESC is perfectly placed to play a role in enhancing participatory democracy, acting coherently and comprehensively.

3.7. The EU already has an elaborate set of EU participation instruments, which includes, e.g., the elections to the European Parliament, Citizens' Dialogues and the European Citizens' Initiative, Petitions to the European Parliament, and the European Ombudsman. Moreover, in the preparation of legislative initiatives, the Commission holds public consultations with the aim of giving stakeholders — including citizens — the chance to have their say on a given topic. The public consultations are anchored in the Commission's Better Regulation Guidelines and take place via the Commission's Have Your Say portal.

3.8. **The European citizens' initiative** (ECI), created in 2012, is one of the main innovations in participatory democracy at EU level. It allows a group of citizens to put an issue on the agenda of EU legislative bodies.

3.9. However, the four ECIs that have managed to gather the one million signatures required for the European Commission to respond have had a relatively small impact so far, with legislative proposals adopted as follow-up to the Right2Water and Ban Glyphosate initiatives and a proposal announced for 2023 to ban cages for all animals. In the EESC's view, the ECI has not fully lived up to expectations and probably therefore needs to be reformed; the EESC should be involved in this process.

3.10. Citizen participation has been boosted by digital platforms. The internet has allowed for the broad participation of civil society and the involvement of certain societal groups, particularly young people, that had remained far removed from such processes.

3.11. However, while the digital sphere has helped to facilitate and increase participation, it also has its limitations. Online consultations permit a range of opinions to be gathered, but fall short of providing real discussion.

3.12. Creating sustainable future citizen panels requires a strong online component — a key element for transnational discussions engaging the largest possible number of citizens. Based on the experience and lessons learned from CoFoE multilingual platform, the EESC proposes to create an improved multilingual online platform/mobile app. This would allow for far greater participation than is possible with face-to-face events, provided that the online tool is designed to be accessible to as many citizens as possible. Physical events remain an important complementary tool to online consultations, but should be limited to a reasonable number and highly targeted to current topics of horizontal interest. Adequate resources should be allocated to the creation of such a state-of-the-art digital platform⁽³⁾.

3.13. The EESC believes that the issue regarding the representativeness of citizen contributions to the public debate must be raised, as well as the expertise needed to contribute. Does the opinion of an association representing thousands of members hold the same weight as that of one sole citizen?

3.14. The EESC reiterates that the added value of its opinions and recommendations stems from forging consensus among organised civil society, and building bridges between the diverging interests of the various societal organisations.

⁽²⁾ See the report on the final outcome of the Conference on the Future of Europe.

⁽³⁾ As noted in the EESC study, 'Making the EESC the facilitator and guarantor of participatory democracy activities, including structured dialogue with civil society organisations and citizens' panels' (2023), the demand for digitalisation is obvious, however, resources should be allocated to still enable physical participation.

3.15. The terms of reference for citizen consultation must be clear. The EESC believes it essential to clarify, at an early stage, how the requested contributions will be integrated into the decision-making process.

3.16. The legitimacy of any process of genuine engagement with citizens requires a feedback mechanism. That is why it is so important that the European Commission set up a mechanism to track the recommendations made by citizens. The way to do this is to create a dashboard of the policy recommendations and then to use it to chart what will happen to the proposals, as called for by the European Economic and Social Committee at the Conference on the Future of Europe.

3.17. The EESC should be seen as an important instrument for reducing the EU's democratic deficit, bridging distances and fostering a European political identity among its citizens.

4. The role of the European Economic and Social Committee in organising citizen consultations

4.1. The provision in Article 11 TEU for an 'open, transparent and regular dialogue with representative associations and civil society' in all EU policy areas should be fully implemented.

4.2. Over the years, the EESC has strengthened the position of citizens' initiatives and increased their visibility in the daily work of the institutions. Since the launch of the ECI, the EESC has organised an annual high-level conference each ECI Day. The EESC's ECI ad hoc group was set up to provide political guidance on citizens' initiatives and monitor developments in this field.

4.3. The EESC also provides information on citizens' rights. Its most widely distributed publication — the European Democracy Passport — has become a popular source of information for the general public and is presented and used at various events organised by EU institutions and civil society organisations.

4.4. The EESC's institutional role should be enhanced, and it should be empowered as the established representative of organised civil society to provide advice on EU policymaking, but also as facilitator and guarantor of participatory democracy activities, such as structured dialogue with civil society organisations and citizens' panels. A lively civil society is crucial for the democratic life of the European Union.

4.5. As the home of organised civil society, the EESC has specific expertise and constitutes a unique and permanent forum for civil dialogue, where solutions are put forward based on consensus between different stakeholders. Its members have mandates from their respective organisations.

4.6. The experience of the Conference on the Future of Europe has raised expectations and calls on the European institutions to provide appropriate follow-up to this consultation.

4.7. The EESC is particularly keen on the deliberative dimension of the citizens' panels, which would be involved in its work; as a compliment to online consultations conducted by the European Commission, which are a valuable instrument but do not allow for direct debate among contributing stakeholders.

4.8. In the EESC President's manifesto, citizen panels will be set up ahead of the European Parliament elections in 2024, feeding into a cross-cutting resolution of all EESC sections with the main demands of the EESC for the new EP and the new Commission.

4.9. Furthermore, as a part of the EESC's Liaison Group Dialogue Cycle 2023, a working group 'Citizens' panels' is established as part of regular thematic dialogues between EESC members and the relevant Liaison Group's CSOs, as envisaged in the EESC's communication strategy 2022–2027. The outcome of this dialogue will be a reflection paper which could contribute to EESC initiatives aimed at citizen participation.

4.10. As part of this reflection, the EESC could study its new role in developing further its expertise on all matters relating to citizen participation and participatory democracy. In particular the EESC Bureau is the body that could take decisions on issues such as on the scope and methodology for involving citizens panels in the work of the EESC, as well as the topics on which citizens' panels will be consulted.

4.11. Specific funding, human resources and a digital tool would have to be allocated to this new responsibility of the EESC.

4.12. A set of rules applicable to the sample of people drawn should specify: a *modus operandi*, and arrangements for communication and media relations, and contact between the EESC or its relevant working group and the sample of citizens.

4.13. The EESC finds it useful to consider setting up a dedicated working group to establish any needed procedures, subject to availability of budgetary resources and following deliberation and decision by the EESC Bureau ⁽⁴⁾. This working group could work, i.a., on issues such as:

- the procedure for integrating these panels into the EESC work;
- the determination of criteria for the consultation topics of citizens' panels that ensure the inclusion of horizontal issues of a wider societal interest;
- the specifications for the random selection and the digital platform;
- the process for establishing funding and specific human and technical resources;
- the method to be used in the debates to ensure conclusive deliberations between the citizens' panels and EESC members, and how these debates are to be organised;
- for establishing the terms of reference that will determine how the results of the consultations are to be taken into consideration in EESC opinions;
- the choice of operator to organise the random selection of people, with their consent;
- the conditions and timeframe for the pilot phase.

Brussels, 13 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

⁽⁴⁾ As noted in the EESC study, 'Making the EESC the facilitator and guarantor of participatory democracy activities, including structured dialogue with civil society organisations and citizens' panels' (2023), any new form of EESC activity in relation to participatory democracy should be given the time, resources and attention it needs to be effective.

Opinion of the European Economic and Social Committee on ‘Water-intensive industries and water-efficient technologies’

(Own-initiative opinion)

(2023/C 349/12)

Rapporteur: **Paul RÜBIG**

Co-rapporteur: **John BRYAN**

Plenary Assembly decision	25.1.2023
Legal basis	Rule 52(2) of the Rules of Procedure Own-initiative opinion
Section responsible	Consultative Commission on Industrial Change
Adopted in section	22.6.2023
Adopted at plenary	13.7.2023
Plenary session No	580
Outcome of vote (for/against/abstentions)	200/0/3

1. Conclusions and recommendations

1.1. As part of the EU Blue Deal, the EU urgently needs to develop a new EU water policy, including a comprehensive sustainable water management policy for industry based on reducing, reusing and recycling water, decreasing water pollution and including a focus on water-intensive industries and the incremental introduction and use of water-efficient technologies. Given the energy-water-Critical Raw Materials nexus, the water policy should become one of the pillars of EU Industrial strategy.

1.2. The EU therefore needs a roadmap supporting industries in becoming water efficient in an incremental manner, with milestones and a sectoral approach, fully taking into account the energy-water-Critical Raw Materials nexus. This requires a revision of the EU Industrial Strategy and its transition pathway documents within the next 2 years. This sectoral approach should embed the water efficiency characteristics and water challenges specific to each sector and be based on a foresight approach with options, impact and risk assessment with life-cycle cost analysis.

1.3. In view of developing the emerging sector of water-efficient technologies, a field in which the EU could play a prominent role, a comprehensive EU water policy must go hand in hand with an ambitious EU funding plan to enable industry to make the essential investments in water-efficient technologies. Positive funding incentives such as tax credits, higher depreciation rates and other mechanisms should be adopted. Innovative means of financing such as crowdfunding to complement public support could be considered.

1.4. The EU needs to become the world leader in the development, manufacturing and use of water-efficient technologies and establish a global reputation as a low-water-footprint production area. Water-efficient technologies constitute an industrial sector that is part of clean technologies. As such, water-efficient technologies should also be energy efficient. As clean tech constitutes an industrial eco-system on its own, the EESC suggests the creation within the next 2 years of a transition pathway for this ecosystem, with ambitious but realistic targets, including a plan for stewardship and skills.

1.5. Greater focus is needed on water consumption, recycling and capture efforts in approval processes for new industrial installations and on incentive systems for water-saving projects at existing plants. However, different industries have different water use needs and different opportunities to become water efficient. The no-harm principle has to be combined with a right for economic activities to consume water and coupled with industrial commitment to incrementally improve water-efficiency through a water-efficiency roadmap.

1.6. Water demand, consumption and storage need to be given much higher priority in EU strategies for economic development of industrial sectors. The EESC stresses the key role of water in circular economy.

1.7. As water use varies across the EU and across sectors, there is a need to record and report industrial water use data in all Member States and to map existing technologies. There is also a need to collect this data at plant level, as this is the first step in implementing water-efficient processes. Industrial property rights need to be aligned with applicable data transparency requirements.

1.8. The EU should consider establishing a Blue Deal Platform for industry and agriculture representatives and citizens to maximise consultation and buy-in with regard to the process of developing a new water policy. This standing consultation should in particular ease the removal of legislative obstacles to the uptake of water-efficient technologies in industrial and agricultural processes and by households and contribute to a regular update of the action plans to be put in place — such as the transition pathways for industry.

2. Introduction and general comments

2.1. In general, water resources per inhabitant are comparably high in Europe, but with essential differences between Northern/Central Europe and southern regions, driven mainly by the effects of climatic factors on water resources. Some of the main challenges concerning water cycles include: 1) longer periods of drought followed by heavy rainfall and floods, both limiting access to clean and useable water; 2) increasing water consumption as a consequence of a growing or more concentrated population and economic development as well as increasing water demand for industrial, agricultural and private water use; and 3) increasing pollution of water sources due to lack of treatment of effluents. A wide range of new pollutants such as microplastics, pharmaceutical substances, etc. are entering water sources, and are, to some extent, only identified once they have accumulated in harmful amounts. Measures have to be identified, addressed and implemented to tackle these three main areas of challenges.

2.2. Water stress is a major and growing concern in Europe. According to the European Environment Agency (EEA), about 20 % of the European territory and 30 % of Europeans are affected by water stress during an average year⁽¹⁾. Unsustainable use of water is the withdrawal of water from natural resources at a rate faster than it can be replenished by nature. About 60 % of large (over 100 000 inhabitants) European cities have 140 million people living in or near areas of such groundwater over-exploitation⁽²⁾. An essential factor is the negative impact on the water supply by phases of flooding caused by climate-related heavy rain (big cities very often depend on groundwater sources fed by rivers).

2.3. In many Southern European regions, during periods of drought choices need to be made between maintaining industrial water use, agriculture and water use for households. In some areas there is a risk of displacing industries from water-stressed areas, leading to loss of employment and destabilising economies and industrial changes.

2.4. EU water policy has tended to concentrate on the legal framework for water protection and management, focusing on pollution and prevention. The main existing EU water policies impacting on industry include the Water Framework Directive, the Urban Waste Water Treatment Directive, the Industrial Emissions Directive and the Zero Pollution Action Plan as part of the EU Green Deal. However, the water dimension is barely mentioned in EU industrial transitional pathways or in the European Commission's Strategic Foresight report 2022.

2.5. The EU's vision for a green and digital transition of industry and its ecosystems makes no reference to water. The European Commission's Communication on the Green Deal Industrial Plan⁽³⁾ mentions water supply and sewerage as key sectors for the green transition in a footnote, but no further references to water are included in the document. The EU needs to address water policy with the same determination with which it has tackled the climate crisis.

⁽¹⁾ <https://www.eea.europa.eu/highlights/water-stress-is-a-major>.

⁽²⁾ <https://www.eea.europa.eu/publications/92-9167-025-1/page003.html>.

⁽³⁾ COM/2023/62 final.

3. Need for integrating water in EU industrial policy while adopting a sectoral approach

3.1. Water policy and water management are operated very differently across many EU Member States, creating significant difficulties for citizens and industries. With 60 % of EU surface water being cross-border, a common EU policy for water must be considered.

3.2. In March 2023 the European Council adopted the following conclusion: ‘The European Council welcomes the UN 2023 Water Conference and its Water Action Agenda. It acknowledges the need for enhanced EU and global action on water and underlines the importance of a strategic EU approach to water security’⁽⁴⁾.

3.3. The EU needs to put forward a comprehensive Sustainable Water Management Policy for Industry based on reducing, recovering, reusing and recycling, including a focus on water-intensive industries and the use of water-efficient technologies. The cascading hierarchy of water must have priority.

3.4. All industries rely on water. Industry represents approximately 40 % of total water abstractions in Europe⁽⁵⁾. The main water-intensive industries in the EU include mining and quarrying, manufacturing, electricity production, construction, chemicals, agriculture, food and beverage production, textiles, paper and pulp, pharma, ICT including datacentres, the automotive industry, steel, fertilisers and transport. However, data on water abstractions and use in the EU is historical and poor. An EU industrial water strategy needs to be based on data collected at EU level, involving Eurostat, to allow for a broad and comprehensive overview. There is also a need to collect this data at plant level, as this is the first step in implementing water-efficient processes. Furthermore, the World Meteorological Organisation WMO is working on an interoperability Platform for a global data warehouse.

3.5. There is a clear need for an integrated EU approach to water policies that includes better coordination of the many legislative requirements stemming from several sectors and uses, including the industrial sectors. In addition, much more political ambition is needed to improve water efficiency and reduce water pollution and consumption within European industries, notably through the incremental introduction of water-efficient technologies. However, a sectoral approach is needed, since the possibility to become more water efficient varies a lot across sectors, depending on the existence of adapted water-efficient technologies.

3.6. Regarding the different industrial sectors, a thorough analysis needs to be carried out at European level to establish benchmarks, guidelines and reporting systems for the future sustainable development of water cycles. It should be acknowledged that some resources addressing industrial water cycles directly or indirectly already exist at EU level, such as the 2021 study on Circular Economy Perspectives in the EU Textile Sector⁽⁶⁾, but more efforts are needed to cover the different industrial sectors concerned. The EESC calls for a revision of the industrial transitional pathways within the next 2 years to include the water-efficient dimension and an ambitious but realistic roadmap to incrementally become more water efficient.

3.7. Greater focus is needed on water consumption and water recycling efforts in approval processes for new industrial installations and on incentive systems for water-saving projects at existing plants. However, different industries have different needs regarding water use and different opportunities/possibilities to become water efficient. The no-harm principle has to be combined with a right for economic activities to consume water. This right should be acknowledged and provided the industrial installation commitment to incrementally improve its water-efficiency through a water-efficiency roadmap, measured by the industrial benchmark.

⁽⁴⁾ European Council meeting (23 March 2023) — Conclusions.

⁽⁵⁾ https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Archive:Water_use_in_industry&oldid=196132.

⁽⁶⁾ JRC Publications Repository — Circular Economy Perspectives in the EU Textile sector (europa.eu).

3.8. Industries will increasingly be facing pressure to reduce their environmental impact and improve water resource efficiency, including both direct and indirect water usage. As is the case with decarbonisation and energy, many industries face the need for large-scale investments to make their production processes and value chains more water efficient and to reduce their impact on water quality.

3.9. In the process of moving to a carbon-neutral and energy- and water-efficient society, it is essential that industries operating in the EU remain competitive and do not lose out to other areas of the world where less responsible and restrictive policies are adopted, thereby eroding production, output and employment in the EU without making progress on the water front at global level. We need to protect future water-conscious EU made products and services from less water-efficient imports.

4. Water-efficient technologies enabling sustainable water management

4.1. The successful adoption of water-efficient technologies in industry and across other areas is essential to the success of a sustainable EU water policy. These technologies have the potential to significantly reduce water use and promote reuse and recycling, as well as improving water quality and minimising waste water discharge. The security of volatile water supply should be increased through well-designed water retention systems (rain and flood).

4.2. Several water-efficient technologies already exist. Some of the main technologies currently in use in industry include: water recycling and reuse — treatment and reuse of wastewater in industrial operations, reducing the demand for fresh water; assessing and optimising industrial processes to reduce water use and minimise waste; application of a reverse osmosis stage instead of an ion-exchange stage for boiler feed water to reduce salt load in the disposal of regeneration wastewater; membrane filtration — removing impurities from water allowing it to be reused for industrial purposes; sewage and wastewater mining; low flow fixtures — reducing water use in buildings by installing water efficient faucets, showerheads and toilets; drip irrigation and precision agriculture — minimising water use in agriculture and optimising crop yields; anaerobic wastewater treatment (biological gas production in absence of oxygen for energy-production — using microorganisms to breakdown pollutants in wastewater producing effluent that can be reused); collecting and storing rainwater for use in irrigation, cleaning or other non-potable uses; closed loop systems — minimising water use and waste by recycling process water within an industrial process; material substitution — using alternative materials that require less water for production and have a lower water footprint.

4.3. Many industries already use water-efficient technologies. For instance, looking at the dairy industry, a good example is Ireland, where dairy exports are worth EUR 6,8 billion from 11 billion litres of milk processed annually. Ireland's largest farmer-owned dairy cooperative, Tirlan, extracts about 11 000 m³ of water per day from the local river and boreholes at its largest processing plant in Ballyragget, Co. Kilkenny. However, due to the processing and the water treatment technologies, the plant actually returns around 14 500 m³ of clean water every day to the local Nore river, which is a Special Area of Conservation. This means the dairy plant regenerates approximately an extra 30 % of clean water back into the local river. This returned water is of such good quality that over time it has helped to improve the quality of the river and has helped maintain the river's status as an SAC & SPA. There has been significant investment in the wastewater treatment plant (WWTP) and appropriate technologies.

4.4. The textiles industry, although dominated by Asian production, employs more than 1,6 million people in the EU. The sector has a big impact on water resources. Textiles contain many potential pollutants which enter the water cycle in the use phase of textiles and therefore need to be addressed with a strong regulatory framework. These include micro parts of fibres, waterproofing agents/chemicals and textile colours. Furthermore, it can be anticipated that water-scarcity in the countries of production will increasingly have an impact on costs and limitations on capacities. There is a need to understand value chains and material flows in Europe and worldwide. There are also upcoming challenges and obligations concerning the collection and processing of post-consumer textiles.

4.5. Building on the EU strategy for sustainable textiles, the regulatory framework of water-relevant aspects of the circular economy should be developed in more detail at an early stage. The strategy states the need to develop a circular economy but does not explicitly address the need for water resources. However, there is no doubt that applying the circular economy principles in the textile industry will require high amounts of water. The identification of needs for R & D and education related to the water cycle, along with respective government funding is crucial. Targets and limits also need to be defined for freshwater demand, which should be minimised with process optimisation (recycling). Furthermore, the EU

should consider establishing a roadmap to incrementally move towards a zero discharge target, at least addressing the range of potential pollution contents.

4.6. Another example is the paper industry, which has shown high potential for measures aiming to minimise or even avoid negative impacts on water sources. The paper industry in Europe already has a comparably good standard for water use ⁽⁷⁾, but there is room for further improvement. This can be achieved by stepping up the implementation of water reuse processes, implementing the newest treatment technologies and setting a potential target of close to zero discharge in an ambitious but realistic timeframe. Governmental support for development and innovation for the paper industry in Europe and measures to optimise water use can lead to an economic advantage. For instance, the know-how in optimising water use in the paper industry is already an economic factor for European machinery production, and the solutions retained have been implemented in other sectors. In other parts of the world, large paper plant sites have had to close down due to their extremely negative impact on water in the surrounding area.

4.7. Water Industries (water works and WWTP's) should be climate and energy neutral (or even positive) and cyber secure critical infrastructure. Good examples exist in Europe and all over the world. On the other hand, regions with very low water resources have a lot of potential for improvement (management, desalinisation, water circularity, efficiency).

4.8. In a similar move to the climate and energy challenge initiated in most EU countries involving insulation and retrofitting requirements for buildings, a policy on the collection and reuse of water in all new buildings should be introduced. For industry, a policy on the use of grey water for non-potable use must be developed. For instance, the Joint Research Centre (JRC) has developed technical guidelines for the application of key risk management principles for the assessment and management of health and environmental risks linked to a water reuse system ⁽⁸⁾. However, more systematic applications of existing and new technologies are needed and should be implemented considering the full cycle of water.

4.9. The EU needs to become the world leader in the development, manufacturing and use of water-efficient technologies and establish a global reputation as a low-water-footprint production area. Investment in research and development and water industry stewardship and skills will be essential. New professions and trained workers specialised in water will be required to support know-how and implementation of new water-use technologies, including the use of AI in this field. The EU can lead in blue production and in the industrial water treatment market focusing on creating new highly skilled jobs in Europe. Know-how related to water-saving processes will be a core competence and a key performance indicator (KPI) for industry in the future. Water-efficient technologies constitute an industrial sector that is part of clean technologies. As clean tech constitutes an eco-system on its own, the EESC suggests the creation of a transition pathway for this ecosystem in the next 2 years, with ambitious but realistic targets, including a plan for skills.

4.10. Consultation and involvement of industry leaders and representatives is essential to the formulation of a sustainable EU water policy. In addition, EU citizens' buy-in into water policy is essential. In many sectors, national legislation does not allow for water reuse, thus preventing the circular economy process. To overcome this, the EU needs to introduce minimum requirements for water quality and monitoring. To this end, a Blue Deal Platform for EU industry and agriculture representatives and citizens could be established where ideas and issues concerning water sharing, uses and project innovation could be exchanged. The platform could incorporate structures from local, regional, national and EU levels. The aim of this EU Blue Deal Platform would be to help the EU and Member States take the necessary political decisions on water policy as quickly as possible. It is also important to step up the water dialogue with local and national institutions in order to encourage action-focused and structured awareness, information and education on the strategic importance of water as a scarce resource. This standing consultation could also ease the removal of legislative obstacles to the uptake of water-efficient technologies in industrial and agriculture processes and by households.

⁽⁷⁾ <https://www.africapulpaper.com/en/articles/water-usage-in-paper-mills>.

⁽⁸⁾ <https://publications.jrc.ec.europa.eu/repository/handle/JRC129596>.

4.11. A comprehensive EU water policy must be matched with an equally ambitious EU funding plan to enable industry and municipal authorities to make the essential investment in water-efficient technologies. Positive funding incentives such as tax credits, higher depreciation rates and other mechanisms should be introduced. The green finance tools and mechanism (e.g. ESG and Taxonomy) needs to be complemented by more and deeper water use dimensions.

Brussels, 13 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

Opinion of the European Economic and Social Committee on ‘Sustainable water management and climate emergency: circular and other solutions for the EU agri-food system in a future “Blue Deal”**(own-initiative opinion)**

(2023/C 349/13)

Rapporteur: **Josep PUXEU ROCAMORA**Co-rapporteur: **John COMER**

Plenary Assembly decision	23.1.2023
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1. Conclusions and recommendations

1.1. Climate change is altering rainfall patterns in the European Union, with a consequent impact on the amount of water available for agriculture. This leads not only to a decrease in crop production, but also to increased competition between different consumptive uses (population, industry and agriculture). In addition, human activities are also affecting water quality, causing the increased presence of nutrients and pollutants.

1.2. The Common Agricultural Policy, the Farm to Fork Strategy and the Biodiversity Strategy have all set objectives for achieving sustainable food production and protecting ecosystems. To achieve these objectives, the agri-food sector requires the maintenance of rural areas and production structures, support for producers at local level, sustainable management of land and water as well as open strategic autonomy. Water is a fundamental resource for food production and therefore ensuring access to sufficient quality water and its sustainable management is essential to guarantee adequate and sustainable food production in the European Union. All CAP schemes should encourage sustainable and efficient water management, incorporating indicators in each Member State in order to monitor progress in water management.

1.3. Sustainable water management must focus on supply management, taking measures to ensure the availability of water for all users. Supply management must necessarily involve optimising efficiency, reducing losses, prioritising uses, eliminating illegal uses, adopting measures to ensure the sustainability of the whole system and, finally, adopting a set of approaches in line with strategies to consolidate sufficient food production in the EU.

1.4. The EESC calls for dedicated standards concerning water use in various economic sectors, for instance agriculture and industry, by building a governance structure to develop sectorial water use guidelines, which should include the EESC.

1.5. Technologies have a decisive role to play in securing water for agricultural production. Adequate and sufficient budgetary resources must be provided for research and the adaptation of knowledge in genomics, aimed at developing crops that are more resistant and adapted to climatic conditions. Resources will also be needed to promote new water transformation techniques, such as reuse and desalination. In this regard, the EESC proposes promoting the necessary measures to develop new technologies, while respecting the ecosystems in which they are located and prioritising environmental considerations.

1.6. Energy prices condition the introduction of new technologies, the operation of which is closely linked to the use of fossil fuels. The EESC calls for the decarbonisation of agriculture, the adjustment of agricultural prices in the primary sector, and the intensive use of renewable energy sources to reinforce the energy-water-food nexus.

1.7. Climate change implies higher temperatures, increased evapotranspiration, and a considerable increase in extreme weather events, causing droughts, floods, storms and fires. These problems are highly destructive to the production of crops and livestock. A strategic plan is needed that utilises scientific and technological expertise to ensure safe water is available for agriculture throughout the EU. Specific plans must be prepared for local areas and regions that suffer persistent drought and flooding. A special stand-alone budget and support lines will be necessary, as will an EU Regulation directing resources towards enabling and facilitating central, regional and local plans to supply adequate water. Such plans must ensure the construction and maintenance of fit-for-purpose water infrastructure in all parts of the EU.

2. Context of European agriculture

2.1. The aim of this own-initiative opinion is to analyse the interactions between water and agriculture at EU level in relation to the climate emergency and the impact on food security and sustainability in the future. The opinion raises points for reflection concerning the impact of extreme weather events and the effects of the various EU policies and rules. It describes the urgency of sustainable water management as well as the specific problems affecting water in EU agriculture, and puts forward proposals to strengthen the EU's food autonomy as well as the quality and quantity of its water supplies in order to meet this objective.

2.2. Agriculture is a strategic sector in the European Union, over and above for its socioeconomic importance. It is estimated that 30 % of the EU's productive agricultural area is irrigated, although this percentage is higher in the southern Member States due to their particular climatic conditions, reaching 70 % in some regions ⁽¹⁾.

3. Water scarcity and the main challenges for the EU agri-food system

3.1. Agricultural production depends on water being available. Agriculture, in turn, has an impact on both the quantity and quality of water, be it through diffuse pollution through the use of fertilisers and pesticides, or by causing saline intrusion into overexploited coastal aquifers. It is estimated that 20 % of Europe's land and 30 % of its population are affected by water scarcity each year ⁽²⁾, with water stress expected to increase significantly at EU level over the next 10 years ⁽³⁾.

3.2. According to data from the European Environment Agency, renewable water resources at EU level decreased from 3 219 km³ in 2010 to 2 883 km³ in 2020 ⁽⁴⁾. This situation will be negatively affected by the expected increase in temperatures and higher evapotranspiration, which will exacerbate water demand for agriculture and competition between different uses.

3.3. Over the last 55 years, the EU as a whole has seen a 17 % decrease in its renewable water resources per capita ⁽⁵⁾. While this can be partly explained by population growth, it is also true that pressure from economic activity — including agriculture — and climate change is exacerbating seasonal and annual water scarcity in many regions of the EU.

⁽¹⁾ Eurostat, Economic accounts for agriculture by NUTS 2 regions and Eurostat, Agriculture, forestry and fishery statistics.

⁽²⁾ EEA, Water stress is a major and growing concern in Europe.

⁽³⁾ ECA, Special Report 20/2021: Sustainable water use in agriculture.

⁽⁴⁾ EEA, Waterbase — Water Quantity.

⁽⁵⁾ World Bank, Renewable internal freshwater resources per capita (cubic meters) — European Union.

3.4. Between 2010 and 2016, surface water accounted for 54 % of the water used for agriculture in the EU, while groundwater accounted for 39 %. Recycled water accounted for 4 % and desalination for 3 % ⁽⁶⁾. These percentages may vary significantly from one Member State to another, according to their climate conditions. The commitment to reusing purified wastewater is an element of the circular economy, especially as only 1 100 hm³ of wastewater are reused in the EU each year (approximately 0,4 % of total captured freshwater in the EU) ⁽⁷⁾.

3.5. Agriculture is both a major cause and a victim of water scarcity. According to the UN Food and Agricultural Organization (FAO), farming accounts for almost 70 % of all water withdrawals, and this figure can be as high as 95 % in some developing countries ⁽⁸⁾. However, in many countries, irrigation efficiency is low.

3.6. Although the water footprint of EU agricultural production is decreasing, it remains significant in areas with agricultural intensification and where there is greater pressure on water resources. This may also hold back the emergence of diversification activities such as inland aquaculture and algaculture, which could provide additional revenue sources in certain EU rural areas, but are subject to the availability of at least a minimal amount of water.

3.7. Water scarcity is changing the concept of water as a resource, as well as existing management models. Water must be understood as a basic resource for life and it should therefore be managed as a scarce, high-value economic good. Management paradigms based on demand are, at present, difficult to apply and must evolve towards the management of supply, under criteria of security and sustainability.

3.8. The problems in resource management are not only due to a lack of planning or management tools, or to conflicting interests between different actors, but are often caused by the poor condition of irrigation infrastructure and drainage systems, leading to water loss and inefficient water use.

3.9. Agriculture in southern EU Member States faces a number of challenges directly relating to water scarcity, in particular prolonged droughts, which are more intense in the Mediterranean region; unequal availability and distribution of water; competition for water, especially for urban use and as a result of the intensity of tourism. In northern EU Member States the problem relating to water pollution caused by intensive agriculture and the use of nutrients and pesticides is predominant. In addition, the existence of waterways and transport routes that require minimum flows to maintain their effectiveness introduces greater competition between possible alternative uses of an increasingly scarce resource.

3.10. Open strategic autonomy in the agri-food sector, as previously defined by the EESC ⁽⁹⁾, is a highly relevant consideration. Different indicators can be used to quantify the EU's food autonomy. However, although the EU's food autonomy rate is high, its determination is overly generalised, as it varies widely according to different types of food and regions, with significant deficits in the production of cereals, soya beans and vegetable oils.

3.11. In its 2021 Strategic Foresight Report, the European Commission indicates that 'ensuring sustainable and resilient food systems' is one of the key strategic areas to strengthen the EU's leadership, mentioning the need to invest in innovation to safeguard resilient and sustainable food systems.

3.12. The efficient use of green water, understood as the part of rainfall that percolates and infiltrates into the ground, should be ensured. The key role of soil in water filtration and absorption must be strengthened by supporting soil regeneration policies.

⁽⁶⁾ Eurostat, Annual freshwater abstraction by source and sector and EEA, European waters — Assessment of status and pressures 2018.

⁽⁷⁾ BIO by Deloitte, Optimising water reuse in the EU, Part I.

⁽⁸⁾ FAO, Water Scarcity — One of the greatest challenges of our time.

⁽⁹⁾ Opinion of the European Economic and Social Committee on 'Strategic autonomy and food security and sustainability' (own-initiative opinion) (OJ C 105, 4.3.2022, p. 56).

3.13. The decision to opt for a circular economy when it comes to water uses (recycling black water or urban wastewater for irrigation) and for more technological systems (desalination) is a go-to model in some producing Member States in southern Europe. However, both solutions are very intensive in terms of electricity consumption and are potentially harmful to the soil and crops. Recycled water has to be treated properly and ensuring safe water for agriculture should be the priority. In addition, the necessary energy comes from different systems, which are not always renewable. The EESC calls for the decarbonisation of circular water management, and the generalisation of the use of alternative energy sources to reinforce the energy-water-food nexus.

3.14. This dependence on electricity was penalised in 2022 by the increase in energy prices, which has had a decisive influence on the cost of production, particularly in Mediterranean coastal regions where the structural water deficit makes the use of these technological solutions a necessity.

3.15. The management of transboundary surface waters affects not only the quantity of the resource downstream, but also its quality. Regardless of the provisions of the Water Framework Directive (WFD) ⁽¹⁰⁾ and the existing obligation to establish integrated planning at river basin level, it is clear that there is room for improvement in the management mechanisms for this type of water, either through new specialised bodies or by further developing the regulatory legislation.

3.16. Uncontrolled emissions into water bodies as a result of certain industrial activities have negative effects on health and food safety, as well as being a cost to society as a whole. The EESC remains committed to the development of climate-neutral industries, with controlled emissions, which bear the environmental costs of their production.

4. Existing EU and national policies

4.1. The key EU regulatory framework for quantitative and qualitative aspects of water and agriculture comprises the WFD and the Common Agricultural Policy (CAP) ⁽¹¹⁾. The specific objectives proposed by the new CAP include promoting sustainable development and the efficient management of natural resources such as soil, air and, of course, water. Furthermore, water is the subject of United Nations Sustainable Development Goal No 6, whose targets relate to water efficiency and integrated water management.

4.2. The WFD establishes that water is a natural resource that must be protected, conserved and managed in a sustainable manner. To this end, a management framework is established, either directly or under concession, depending on the different territories; this management framework aims to ensure integrated and sustainable water management at EU level.

4.3. The multiannual financial framework for 2021–2027 allocates a total of EUR 386,6 billion for the CAP, to be distributed among the different Member States and applied to various first and second pillar policies. The EESC calls for the creation of specific budget and funds for water, as developed by the opinion *The economics of an 'EU Blue deal'* ⁽¹²⁾.

4.4. Most CAP direct payments, as well as some Pillar 2 payments, are subject to cross-compliance rules covering statutory management requirements, and to good agricultural and environmental conditions (GAEC) standards that impose sustainable agricultural practices, including integrated water management procedures for irrigation. However, most of the payments have been found to be neutral as regards irrigation ⁽¹³⁾. All CAP schemes should encourage sustainable and efficient water management, incorporating indicators in each Member State in order to monitor progress in water management.

4.5. Some Member States use EU funding to support water-intensive crops in water-stressed areas without introducing safeguards, using voluntary coupled support to maintain or increase crop production in water-intensive sectors concentrated in southern Member States. The EESC believes that it is necessary to respect sustainable water management and cost-benefit analysis to ensure not only sustainability but also efficiency in the use of water resources.

⁽¹⁰⁾ Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327,22.12.2000, p. 1).

⁽¹¹⁾ The Common Agricultural Policy 2023–2027.

⁽¹²⁾ Opinion of the European Economic and Social Committee on the economics of an 'EU Blue Deal' — water-related investment needs in the EU (own-initiative opinion) (see page 50 of this Official Journal).

⁽¹³⁾ ECA, Special Report 20/2021: Sustainable water use in agriculture.

4.6. All Member States should maintain a register of abstracted surface and groundwater as well as of surface water storage; similarly, water users should be required to seek authorisation before extracting or storing water. All Member States should strengthen and tighten the monitoring systems in place to detect and penalise illegal water use.

4.7. The EU Court of Auditors considers that the costs of water services in agriculture are not fully recovered, mainly because environmental and resource costs are not adequately reflected in water prices. According to the Commission, this implies a hidden cost for society and limits potential revenues that could be used to finance measures aimed at ensuring the efficient implementation of the WFD.

4.8. The principle of European market unity is not fulfilled in the case of water. Users pay very different prices for similar services, depending on the Member State and even on the specific location of the operation within a Member State. In view of this issue, it would be beneficial to promote a EU methodology to rationalise and standardise water pricing systems ⁽¹⁴⁾.

4.9. In particular, the EESC calls for dedicated standards concerning water use in various economic sectors, such as agriculture and industry, by building a governance structure to develop sectorial water use guidelines, which should include the EESC ⁽¹⁵⁾.

4.10. The average increase in food and input prices can be attributed to various circumstances ⁽¹⁶⁾. However, the current inflationary situation implies that CAP contributions have been reduced in real terms, very significantly. Appropriate budgetary actions should be taken to redress the situation and restore the economic scope of the EU objectives.

5. Long-term proposals, solutions and responses

5.1. Water scarcity and the climate emergency are two of the biggest challenges facing the EU agri-food system today. To address these challenges and ensure the long-term sustainability of food production in Europe, circular and other innovative solutions are needed. The Blue Deal concept has been proposed as a framework to address these challenges, building on the experience and principles of the EU Green Deal.

5.2. Ensuring open strategic autonomy in the agri-food sector at EU level should be a priority objective. It is therefore necessary to focus on maintaining EU agricultural production, to develop policies that promote crop types where deficits have been identified, and to balance surplus production.

5.3. This guarantee of agricultural production will necessarily involve ensuring the quantity and quality of water, without abandoning policies to promote the reduction of the water footprint. Policies to promote water savings in production will enable more resources to be made available, without affecting the sustainability of the hydrological cycle.

5.4. Reducing the water footprint of agriculture in the EU requires a combination of technologies, sustainable farming practices, sustainable and efficient water management, and effective public policies that promote sustainability in the agri-food sector.

5.5. In this context, it is considered necessary to further promote policies that incentivise efficiency in irrigation and water use in general, both in the sphere of the CAP and other EU funds. Progress should be made in the implementation of sustainable farming practices, in the use of technologies that allow for more efficient use of water, and in the development of crops that are more resistant to drought and floods. Without the necessary budgetary resources, it will not be possible to build resilient and sustainable agri-food systems in Europe.

⁽¹⁴⁾ Opinion of the European Economic and Social Committee on 'Access to water: tackling water poverty and its implications for social policy' (own-initiative opinion) (see page 60 of this Official Journal) and Opinion of the European Economic and Social Committee on the economics of an 'EU Blue Deal' — water-related investment needs in the EU (own-initiative opinion) (see page 50 of this Official Journal).

⁽¹⁵⁾ Opinion of the European Economic and Social Committee on 'Water-intensive industries and water-efficient technologies' (Own-initiative opinion) (see page 74 of this Official Journal) and Opinion of the European Economic and Social Committee on the economics of an 'EU Blue Deal' — water-related investment needs in the EU (own-initiative opinion) (see page 50 of this Official Journal).

⁽¹⁶⁾ Opinion of the European Economic and Social Committee on 'Food price crisis: the role of speculation and concrete proposals for action in the aftermath of the Ukraine war' (Own-initiative opinion) (OJ C 100, 16.3.2023, p. 51).

5.6. The sustainable management of water resources in rural areas, through the implementation of measures such as the restoration of wetlands, the creation of buffer zones and the improvement of water quality of rivers and lakes, could help reduce the water footprint of agriculture in the EU. These issues should be addressed in the river basin management plans for the various river basins, and the EESC urges the Commission and the Member States to ensure compliance with these obligations.

5.7. Innovation and research, focused on developing technologies and farming practices that are more efficient and sustainable when it comes to water use, should be adequately budgeted for. It is also important to endow the development of policies and practices that promote precision agriculture, sustainable soil management and soil's capacity to retain water, and the adaptation of genomic knowledge of plants and seeds.

5.8. Reducing food waste can reduce the amount of water needed to produce food. This can be achieved through campaigns that encourage consumer education, improved supply chain management, and the promotion of innovative food preservation technologies.

5.9. The Member States should implement transparent water pricing policies that incentivise efficiency and savings and ensure that all categories of water users contribute adequately to cost recovery, in line with WFD principles.

5.10. It is understood that volumetric pricing at an appropriate level could incentivise a shift to water-efficient irrigation practices and technologies or crops that require less water. Member States that still maintain the practice of billing irrigation water on the basis of the area irrigated should therefore gradually abandon it.

5.11. The EU Court of Auditors has found that the costs of water services in agriculture are not fully recovered. One reason for this is that environmental and resource costs are not (yet) reflected in water pricing. This means that there are a large number of specific exemptions concerning the prices for irrigation water, making water for agriculture cheaper than for other uses. Without necessarily having to abandon this approach, it is understood that these general policies should be reassessed, redirecting exemptions towards incentives and rewards for water savings.

5.12. The WFD is 23 years old and was drawn up in an economic, social and climatological context that was very different from the current one. A reconsideration of some of its contents should be considered, so that the WFD can become an effective instrument to support food security.

5.13. Considering that, under the subsidiarity principle, Member States are free to implement and enforce the obligation to seek authorisation to extract water under individual criteria (at state or regional level), it has been found that this heterogeneity leads to a lack of control over access to certain groundwater bodies. For this reason, both the Commission and the Member States should agree on a more selective criterion and apply strict regulatory and conditionality requirements for both surface and groundwater abstraction.

5.14. The modernisation of irrigation systems needs to be enhanced and encouraged, in particular to reduce losses due to leaks in networks and evaporation in open channels and pools. The CAP and the other EU funds should contribute to the development of new irrigation structures, avoiding supporting situations that contravene the objectives of the WFD.

5.15. In line with point 3.4, the Regulation on minimum requirements for water reuse was adopted in May 2020 ⁽¹⁷⁾. This new Regulation on the reuse of wastewater for agricultural irrigation sets out minimum requirements for water quality and monitoring, risk management and transparency, and will apply from 2023. According to the analysis carried out, it will allow more than 50 % of the total volume of water theoretically available for irrigation from wastewater treatment plants in the EU to be reused, avoiding more than 5 % of direct abstraction from water bodies and groundwater. This will result in a reduction in overall water stress of more than 5 %. The financing of such reuse facilities should therefore be encouraged, as should precautionary measures to avoid soil pollution and ensure safe water for agriculture.

⁽¹⁷⁾ Regulation (EU) 2020/741 of the European Parliament and of the Council of 25 May 2020 on minimum requirements for water reuse (OJ L 177, 5.6.2020, p. 32).

5.16. Promoting urban and peri-urban agriculture can reduce the need to transport food from rural areas, reducing the carbon footprint (process of decarbonising agriculture) as well as water use in agriculture. In addition, urban irrigation systems can take advantage of rainwater and water from irrigation recycling systems.

5.17. The use of renewable energy, such as solar and wind energy, can provide a sustainable energy source for water reuse systems, desalination systems, and irrigation and other agricultural equipment, thus reducing the carbon footprint (process of decarbonising agriculture) and water consumption.

5.18. These circular and other solutions can contribute to a future Blue Deal for the EU, addressing water scarcity and the climate emergency in the EU agri-food system. It is important to continue exploring new technologies and innovative practices in order to improve water efficiency and ensure the long-term sustainability and resilience of food production in Europe.

5.19. It is considered essential to ensure the infrastructure that allows water to be stored, distributed and purified, as well as to prevent the consequences of extreme weather phenomena. The management model for the aforementioned infrastructure should be based on the principles of integrity and sustainability, ensuring their environmental viability. In view of the possible budgetary difficulties of public administrations, alternative financial and collaboration formulas may be analysed.

5.20. The WFD obliges the Member States to draw up and renew river basin management plans. The EESC considers that the implementation, scope and degree of compliance with such plans have been uneven. The EESC therefore considers that the Member States should step up strategic plans aimed at guaranteeing water security and a framework for agriculture that can ensure the resilience of EU food systems. The strategic plans should be endowed with sufficient European budgetary resources, along the lines set out in point 4.3. Specific timelines should also be established and objectives and priorities set by consensus, in line with the considerations and proposals set out in this opinion.

Brussels, 13 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

Opinion of the European Economic and Social Committee on ‘Sustainable and resilient water infrastructure and distribution networks’

(own-initiative opinion)

(2023/C 349/14)

Rapporteur: **Thomas KATTNIG**

Plenary Assembly decision	25.1.2023
Legal basis	Rule 52(2) of the Rules of Procedure Own-initiative opinion
Section responsible	Section for Transport, Energy, Infrastructure and the Information Society
Adopted in section	26.6.2023
Adopted at plenary	13.7.2023
Plenary session No	580
Outcome of vote (for/against/abstentions)	199/10/17

1. Conclusions and recommendations

1.1. The EESC is convinced that, given the climate crisis and the associated scarcity of water resources, all necessary measures must be implemented to reduce water loss, ensure a fair distribution of water resources and facilitate sustainable water management. The supply of clean and affordable drinking water to members of the public must always be the first priority in the context of water distribution and use, especially in the event of water scarcity, and must take precedence over water use by industry, tourism and agriculture. The EESC calls on the Commission and the Member States to apply a rights-based approach to all water policies and to address water poverty, thereby also aligning with the EPSR. The EESC proposes to promote a common approach to understanding water poverty at EU level and to develop a comprehensive definition of water poverty, with each Member State being able to develop its own contextual definition in line with the European definition.

1.2. The EESC believes that water supply is a public good, as it places the focus on the interests of good, high-quality and affordable services. The challenges posed by the climate crisis, as well as the necessary investments in water infrastructure, entail significant costs. The EESC notes that there is a difference between public and private water management because good and bad examples can be found in both. Private management, due to its focus on profit, may have difficulty meeting the fundamental requirement of universality of service, i.e. serving 100 % of the population. The EESC believes that, despite the strict financial ceilings and bureaucratic limits, public water management is in a better position to guarantee universal access to water and sewage systems at an affordable price and with adequate quality standards and the restoration and protection of ecosystems and in order to ensure the necessary investments in infrastructure. The EESC once again ⁽¹⁾ recommends introducing a ‘golden rule’ for investments in public infrastructure, in order to safeguard productivity and the social and ecological base for the well-being of future generations.

⁽¹⁾ See, for example, Opinion of the European Economic and Social Committee on Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions REPowerEU Plan (COM(2022) 230 final) and Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2021/241 as regards REPowerEU chapters in recovery and resilience plans and amending Regulation (EU) 2021/1060, Regulation (EU) 2021/2115, Directive 2003/87/EC and Decision (EU) 2015/1814 (COM(2022) 231 final — 2022/0164(COD))(OJ C 486, 21.12.2022, p. 185), Opinion of the European Economic and Social Committee on the Public investment in energy infrastructure as part of the solution to climate issues (own-initiative opinion) (OJ C 486, 21.12.2022, p. 67) and Opinion of the European Economic and Social Committee on A strategic vision on energy transition to enable the EU’s strategic autonomy (own-initiative opinion) (OJ C 75, 28.2.2023, p. 102), etc.

1.3. Water is essential to life, a common good, and a human right, as recognised by the first successful European Citizens Initiative on the 'Right2Water'; which triggered the revision of the DWD which was adopted by the EU in 2020, including a dedicated article on access to water. In this context, the EESC recommends that, the EU adopt and strengthen regulatory frameworks on water concession agreements, to guarantee access to water and sewage systems at an affordable price and with adequate quality standards and the restoration and protection of ecosystems and in order to ensure the necessary investments in infrastructure. The exemptions for water and wastewater set out in Directive 2014/23/EU^(?), granted as a result of the successful ECI on 'Right2Water', must be maintained in the future. The EESC also opposes any liberalisation obligation in the water and wastewater sector, especially in the context of the climate crisis.

1.4. Amidst a worsening distribution of water resources, the EESC points out that the economy, in particular water-intensive agriculture and industries, should be organised in a way that reduces water consumption and improves water reuse. This will also require national and EU-requirements and recommendations in order to better regulate water consumption and allow for more effective financial support for water infrastructure. The EESC calls on the EU institutions to start prioritising the issue of water and to develop an EU 'Blue Deal'.

1.5. The EESC is committed to strengthening the 'polluter pays' principle, tackling pollutants at the source rather than removing them from wastewater using 'end-of-pipe' solutions. The discharge of pollutants into water bodies and groundwater must be permanently reduced to ensure that the drinking water supply and wastewater disposal and purification services remain affordable. Making targeted improvements to wastewater treatment while closely linking it to a scheme based on producer responsibility, as proposed by the Commission in the recast Urban Wastewater Treatment Directive (UWWTD), is an important step and is supported by the EESC, although it is necessary to ensure that producer responsibility organisations are publicly controlled and that all investments in wastewater treatment plants are made independently and uninfluenced by producer organisations.

1.6. The EESC draws attention to the major challenges that municipalities face when it comes to developing and maintaining bodies of water. In order to address these issues, inter-municipal cooperation should be further developed and substantially facilitated. The EESC therefore calls on the Commission to broaden the legal room for manoeuvre, especially regarding public procurement law.

1.7. Investment in water and wastewater management needed to create a sustainable, competitive and fair 'blue transition' must be targeted towards ensuring optimal environmental and economic cost-benefit ratios, particularly focusing on vulnerable groups in the population. Research and innovation as well as information campaigns for industry, agriculture and households are also essential in order to promote water-saving economies and behaviour.

1.8. The EESC stresses the biodiversity loss caused by the climate crisis, which is being further exacerbated by measures such as the recirculation of water that is too warm into rivers. These failures must be taken into account in the future design of our water infrastructure in order to ensure that these issues are tackled as much as possible, rather than being further facilitated. At the same time, comprehensive measures need to be taken to achieve the 1,5 °C objective by 2050.

1.9. The EESC proposes to the European Commission the launch of a Europe-wide public consultation process, which, by assessing European water needs, will serve as the foundation of the future interventions of the 'EU Blue Deal'.

(?) Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts (OJ L 94, 28.3.2014, p. 1).

2. Background

2.1. Water is a vital asset and is essential for people, nature and the functioning of the economy and society. The greatest proportion of water is used in agriculture (70 %), followed by industry (22 %) and households (8 %). At the same time, average annual expenditure on water and sanitation across the EU amounts to EUR 100 billion. This is set to increase to around EUR 250 billion in order to comply with EU rules on wastewater treatment and the drinking water supply ⁽³⁾.

2.2. In order to have sufficient water in the future, it will be necessary to improve water infrastructure and increase storage capacity. This requires a wide range of measures, ranging from collecting rainwater in cisterns and constructing reservoirs and closed circular pipelines to reducing soil sealing in order to increase soil storage capacity. In case of flooding of different types of water flows, it is necessary to try to direct and store the surplus in controlled reservoirs. Buffering capacity should be provided intermittently along water flows to allow excess water to flow out over time and to mitigate excess water peaks. The preparedness for such situations with infrastructural investments is necessary in advance.

2.3. The UN General Assembly explicitly recognised the human right to water and sanitation as a separate right in 2010 ⁽⁴⁾. The first steps towards transposing this right, set out in Directive (EU) 2020/2184 ⁽⁵⁾ and as a Commission proposal in the context of the recast of Directive 91/271/EEC ⁽⁶⁾, are urgently needed. The Member States thereby commit to improving access to clean and affordable drinking water and sanitation for all in the EU by 2030. According to Commission data ⁽⁷⁾, around 10 million people in the EU currently lack access to sanitation facilities. Member States need to take sufficient account of this in the implementation process. The Blue Deal initiative aims to further deepen these efforts.

2.4. The climate crisis is already having a considerable impact on the management of global water resources. One of the effects is the rise in sea levels, which is increasing water ingress in coastal areas. At the same time, it leads to falling river and groundwater levels in many regions. This is aggravating food scarcity, as there is no alternative but to use fresh water when cultivating a range of foodstuffs ⁽⁸⁾.

2.5. The climate crisis is reducing existing water resources and leading to drought, evaporation ⁽⁹⁾, ocean warming and the destruction of habitats, which impact the entire ecosystem.

2.6. Water supply is vital for citizens and is part of our critical infrastructure. In order to transport drinking water to citizens, energy is usually needed to operate the water pumps. Drinking water suppliers are already using redundant systems and their own energy cycles in order to continue to provide people with drinking water in the event of blackouts.

2.7. In recent years, many EU-countries have undergone a process of re-municipalisation in water and wastewater services. In particular, negative experiences with the privatisation of services have led cities and municipalities to bring public services back into public ownership. The side-effects seen have often included lower investment in infrastructure,

⁽³⁾ https://www.aquapublica.eu/sites/default/files/article/file/20230310_Joint%20statement_EPR%20scheme.pdf.

⁽⁴⁾ <https://www.un.org/Depts/german/gv-64/band3/ar64292.pdf>.

⁽⁵⁾ Directive (EU) 2020/2184 of the European Parliament and of the Council of 16 December 2020 on the quality of water intended for human consumption (OJ L 435, 23.12.2020, p. 1).

⁽⁶⁾ Council Directive 91/271/EEC of 21 May 1991 concerning urban waste-water treatment (OJ L 135, 30.5.1991, p. 40).

⁽⁷⁾ https://ec.europa.eu/commission/presscorner/detail/en/qanda_22_6281.

⁽⁸⁾ <https://wires.onlinelibrary.wiley.com/doi/epdf/10.1002/wat2.1633>.

⁽⁹⁾ Europe's next crisis: Water — POLITICO.

poorer working conditions, higher costs for consumers, and a loss of control and know-how⁽¹⁰⁾. Thanks to re-municipalisation, cities and municipalities can regain the scope to take political action as well as democratic control and influence over the water supply⁽¹¹⁾.

2.8. Water is an eminently political and social issue requiring a long-term approach that is incompatible with electoral cycles and demands a major effort from public decision-makers in terms of investment and operation and maintenance costs. In order for citizens to fully exercise democratic control, it is necessary to ensure that they know the water cycle and its price.

3. General comments

The societal dimension of water

3.1. Water is a vital but increasingly scarce resource as an effect of the climate crisis. The EESC therefore calls for an EU Blue Deal to raise awareness of this vital resource. The EESC recommends mapping the state of play of water infrastructure and the availability of water in each Member State in order to obtain up-to-date information on the state of existing water infrastructure and identify pressing investment needs.

3.2. The EESC stresses that water is not a commodity like any other but, rather, a heritage that must be protected and defended⁽¹²⁾. The EESC believes that universal access to drinking water and sanitation of high quality at affordable prices for the population should be treated as a public good and not merely a commodity with full respect of Article 14 of TFEU and the Protocol 26 annexed to TEU and TFEU. In this context, the EESC recommends that, the EU adopt and strengthen regulatory frameworks on water concession agreements, to guarantee universal access to water and sewage systems at an affordable price and with adequate quality standards and the restoration and protection of ecosystems and in order to ensure the necessary investments in infrastructure. The exemptions for water and wastewater set out in Directive 2014/23/EU on the award of concession contracts, granted as a result of the successful ECI on 'Right2Water'⁽¹³⁾, must also be maintained in the future with full respect of Article 14 of TFEU and the Protocol 26 annexed to TEU and TFEU. In light of the climate crisis, the EESC is particularly opposed to any liberalisation obligation in the sensitive water and wastewater sectors, and calls instead for public services of general interest in the water sector and beyond to be strengthened.

3.3. The EESC calls on the Commission and the Member States to apply a rights-based approach to all water policies and to address water poverty, thereby also aligning with the EPSR. The EESC proposes to promote a common approach to understanding water poverty at EU level and to develop a comprehensive definition of water poverty, with each Member State being able to develop its own contextual definition in line with the European definition. Public funds should be made available for infrastructure development to address in particular resource-poor property owners and socially disadvantaged urban and rural areas in need of infrastructure renovation.

3.4. The EESC stresses that the 'just transition' is not just a question of financing; it also includes the objective of creating decent work, quality jobs and social security, as well as of maintaining the competitiveness of EU businesses, and requires specific action at all levels, particularly at regional level.

3.5. More and more EU-regions are facing water shortages⁽¹⁴⁾. This highlights the need to develop resilient water infrastructure, particularly storage capacity. In the event of possible water shortages, the water supply for humans and their basic human needs must be ensured and given priority over water use for industry, tourism and agriculture. It is up to the

⁽¹⁰⁾ Getzner, Köhler, Krisch, Plank (2018) — Final report (long version): Vergleich europäischer Systeme der Wasserversorgung und Abwasserentsorgung [Comparison of European water supply and sanitation systems]. In: Informationen zur Umweltpolitik, 197. <https://emedien.arbeiterkammer.at/viewer/ppnresolver?id=AC15177626>.

⁽¹¹⁾ <https://www.epsu.org/search?f%5B0%5D=policies%3A56>.

⁽¹²⁾ Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1), recital 1.

⁽¹³⁾ <https://right2water.eu/>.

⁽¹⁴⁾ <https://publications.jrc.ec.europa.eu/repository/handle/JRC133025>.

Member States to guarantee this. This is necessary to prevent conflicts over water, which we already see in other areas of the world. This makes an EU Blue Deal urgently necessary, including in order to pay greater attention to the availability and distribution of water in the future, as well as to strengthen research and innovation.

Water quality and purification

3.6. The EESC calls for better implementation of the precautionary and 'polluter pays' principles in order to improve water quality and pass on the costs to polluters rather than consumers. Groundwater should be of drinking water quality to avoid the need for expensive and energy-intensive drinking water treatment.

3.7. In particular, inputs from agriculture, the food sector and industry contribute to diffuse pollution from nitrates and pesticides, with the result that groundwater often fails to achieve a good chemical status. Legislation in the fields of agriculture (e.g. the CAP), industry and chemistry (e.g. Pesticides Regulation) must therefore be designed in such a way that water ecosystems are not adversely affected.

Water use and waste

3.8. The EESC draws attention to the major challenges that municipalities face when it comes to developing and maintaining bodies of water. In order to address these issues, inter-municipal cooperation should be further developed and substantially facilitated to improve the performance of water supply and wastewater disposal and treatment services and the development and maintenance of bodies of water and to ensure the long-term viability of these services of general interest in rural areas. The EESC therefore calls on the Commission to provide greater legal room for manoeuvre, particularly as regards procurement law.

3.9. The Commission estimates the total cost of the recast of the UWWTD at over EUR 3,8 billion per year. Most of these costs would have to be borne by households ⁽¹⁵⁾, which would further increase the cost of sanitation, which would in turn be particularly severe for the most financially vulnerable groups in society. The EESC therefore calls for the resulting costs and benefits to be shared in such a way that they do not place a disproportionate burden on households.

3.10. The EESC believes that water loss due to leakages in networks, which in some EU countries amount to over 20 % ⁽¹⁶⁾, as well as water wastage in agriculture, industry, construction and tourism, need to be significantly reduced. These sectors can contribute to the solution by stepping up research and innovation relating to water-efficient practices and by better implementing existing knowledge (e.g. using drip irrigation, cultivating water-saving crops, strengthening the circular economy, adapting food production to local conditions, etc.).

3.11. Informed citizens use water more sparingly in their homes. The EESC therefore welcomes the extended requirements for drinking water suppliers and wastewater operators to provide households with information under EU legislation.

Waterways

3.12. The climate crisis is having a significant impact on water transport routes worldwide. In particular, low water levels in rivers, changes in precipitation patterns, the increase in extreme weather events and rising sea levels are having an impact on the transport of goods and passengers.

3.13. Fairway depths are decreasing and port and lock infrastructure needs to be adapted to the new circumstances. This means higher costs and longer waiting times for ships, slowing down the transport of goods.

⁽¹⁵⁾ Distribution according to impact assessment: 51 % households, 22 % public expenditure and 27 % industry.

⁽¹⁶⁾ <https://emedien.arbeiterkammer.at/viewer/ppnresolver?id=AC15249737>.

3.14. Measures need to be taken to adapt the infrastructure of ports and locks and to improve the planning of shipping channels and routes so that waterborne transport can take place safely and efficiently in the future.

3.15. The EESC considers the development and better interconnection of waterways within the EU to be key. As mentioned in opinion TEN/764 ⁽¹⁷⁾, intermodality should also be taken into account in this connection.

Energy

3.16. The situation in the energy markets in August 2022 showed that, due to the climate crisis, there is no 100 % reliable source of energy. For example, we can observe the impact of drought on the production of hydropower and nuclear energy.

3.17. The EESC welcomes the efforts to use hydropower to generate and store renewable electricity, but notes that water shortages resulting from the climate crisis will negatively affect the production and storage of electricity in the long term. This decreases production, which may also harm the electricity grid. The expansion of renewable energy sources should continue to be promoted swiftly, especially in the solar and wind sectors, to compensate for potential shortfalls from hydropower plants.

3.18. The EESC notes that the electrification of transport can also increase the use of water, since the electrolytes used in the production of batteries require a significant amount of water. Therefore, the deployment of battery factories requires careful planning.

3.19. The EESC notes that renewable energy sources generally require less water than the extraction and processing of traditional fossil fuels, however, there is a renewable energy source that involves significant water consumption, the biofuels. Irrigation and processing of crops grown for the production of biofuels requires a large amount of water, which must be provided with the help of water infrastructure and distribution networks.

3.20. The EESC points out that nuclear power generation requires large quantities of water for cooling purposes. The climate crisis is increasing temperatures and at the same time reducing the level of rivers. As temperatures rise, nuclear power plants have to reduce their output due to water scarcity. In addition, discharging cooling water that is too warm increases the oxygen content of rivers, which has a negative impact on water ecology and biodiversity ⁽¹⁸⁾.

4. Specific comments

4.1. The EESC criticises the lack of consistency between EU water policy and other EU policies, and calls on the Commission to make improvements in order to avoid conflicting policies and objectives.

4.2. The EESC welcomes the Commission's decision in the recast of the Drinking Water Directive to minimise the loss of water from water pipes ⁽¹⁹⁾. The EESC draws attention to the urgent need for rapid measures and public and private investment in water infrastructure to avoid water loss and to ensure the long-term resilience and sustainability of key water infrastructure. When water leaks occur, they must be treated as an emergency. For such cases, expert staff and equipment are key to stop the leaks promptly.

4.3. Concerning the financing of infrastructure projects, strict fiscal rules have proved, time and time again, to be the biggest barrier faced by public authorities. The aim must therefore be to exempt projects associated with the EU Green Deal, energy independence and the digital sector from all rules that hamper such public investment. In line with previous opinions ⁽²⁰⁾, the EESC therefore recommends applying the 'golden rule' to public investment.

⁽¹⁷⁾ Opinion of the European Economic and Social Committee on Amended proposal for a Regulation of the European Parliament and of the Council on Union guidelines for the development of the trans-European transport network, amending Regulation (EU) 2021/1153 and Regulation (EU) No 913/2010 and repealing Regulation (EU) No 1315/2013 (COM(2022) 384 final/2 — 2021/0420 (COD)) (OJ C 75, 28.2.2023, p. 190).

⁽¹⁸⁾ <https://www.dw.com/de/wie-k%C3%BChlen-hei%C3%9Fe-l%C3%A4nder-ihre-kernkraftwerke/a-49758541>.

⁽¹⁹⁾ <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32020L2184>.

⁽²⁰⁾ See footnote 1.

4.4. The EESC supports the proposed revision of Directive 2006/118/EC ⁽²¹⁾ and Directive 2008/105/EC ⁽²²⁾ and the introduction of limit values for PFCs and microplastics. A special report by the European Court of Auditors highlights the inconsistent application of the 'polluter pays' principle in the water sector, despite significant operating and investment costs ⁽²³⁾.

4.5. The EESC points out that, in order to maintain and develop sustainable and resilient water infrastructure and distribution networks, skilled labour and, above all, specialist workers are needed, and that appropriate knowledge management, i.e. strategic and operational activities that optimise the use of knowledge, is necessary. The EESC calls for the necessary structures and working conditions to be put in place to avoid bottlenecks in this area and ensure that sufficient specialist staff are available to implement the necessary measures.

4.6. The EESC notes that the ongoing process of digitalisation in the water sector is also increasing the risks in the areas of data security and data protection. It is important to ensure that the data collected is handled in line with the strictest possible data protection rules. At the same time, cybersecurity must also play a key role in water infrastructure and distribution networks, given the increasing threats posed by cyberattacks on critical infrastructure.

4.7. There is little to no integration of companies involved in the production and distribution of drinking water as well as wastewater management and water purification in many Member States. The EESC believes that placing the direction and management in the hands of a single public organisation would help save costs and increase efficiency.

Brussels, 13 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

⁽²¹⁾ Directive 2006/118/EC of the European Parliament and of the Council of 12 December 2006 on the protection of groundwater against pollution and deterioration (OJ L 372, 27.12.2006, p. 19).

⁽²²⁾ Directive 2008/105/EC of the European Parliament and of the Council of 16 December 2008 on environmental quality standards in the field of water policy, amending and subsequently repealing Council Directives 82/176/EEC, 83/513/EEC, 84/156/EEC, 84/491/EEC, 86/280/EEC and amending Directive 2000/60/EC of the European Parliament and of the Council (OJ L 348, 24.12.2008, p. 84).

⁽²³⁾ https://www.eca.europa.eu/Lists/ECADocuments/SR21_12/SR_polluter_pays_principle_EN.pdf.

Opinion of the European Economic and Social Committee on ‘Advertising through influencers and its impact on consumers’

(Exploratory opinion requested by the Spanish Presidency)

(2023/C 349/15)

Rapporteur: **Bernardo HERNÁNDEZ BATALLER**

Co-rapporteur: **Stefano PALMIERI**

Referral	Spanish Presidency of the Council of the European Union, 7.2.2023
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Single Market, Production and Consumption
Adopted in section	29.6.2023
Adopted at plenary	13.7.2023
Plenary session No	580
Outcome of vote (for/against/abstentions)	179/0/3

1. Conclusions and recommendations

1.1. One of the most characteristic aspects of the transformation seen in the audiovisual and electronic communications field is the rise of ‘influencers’ — online content-creating users who disseminate messages systematically and in various formats (videos, comments, photos), achieving a high profile among the target audience to which they are addressed.

1.2. Although there are no specific rules at EU level governing the activity of content creators/influencers, the existing legislation provides an adequate level of protection for the dual activity that content creators/influencers can carry out in the single market: as **advertisers (and traders)** primarily, and as **sellers/producers**.

1.3. On the basis of this legislation, various Member States have been developing their own laws in response to the challenge posed by this phenomenon, allowing national regulators to exercise their powers of supervision, control and, where appropriate, sanction.

1.4. In any case, given the constant developments in this area, the European Economic and Social Committee (EESC) considers it necessary to intervene in order to ensure the homogeneous treatment of the ‘specific’ illegal activities of content creators/influencers in the EU, with equally specific obligations for the **administrators of the platforms and social networks** in which they operate, and for the **content creators/influencers** themselves (EU residents and non-EU residents).

1.5. The EESC calls for the administrators of platforms and social media networks to:

- be jointly and severally liable for illegal content published by content creators/influencers;
- be obliged — in all cases where illegal activity by content creators/influencers is reported — to take the necessary action to neutralise the illegal online communication and report the illegal activity carried out by content creators/influencers to the competent authority;
- platforms and administrators of social networks should require all content creators/influencers operating outside the EU to identify clear legal liability within the EU and to hold professional indemnity insurance in case of harm caused by unlawful conduct.

1.6. The EESC believes that this harmonised treatment of influencers at European level should take into account, as a minimum, criteria such as:

- identifying the advertising nature of their messages with a commercial purpose using indicators and clear warnings, thereby avoiding covert advertising;

- making these messages subject to sector-specific rules, in order to protect the health and safety of consumers and users, especially minors and other vulnerable groups;
- considering the breach of rules to be an infringement committed by the influencer, without prejudice to the joint and several liability of advertisers and platforms and social networks.

1.7. Special attention should also be paid to the use of dark patterns, the improper or disparaging use of trade marks, unauthorised financial products, and identity theft or fake influencers using the images of well-known people without their knowledge, which are increasingly common, particularly in relation to financial investments and cryptocurrencies. This unlawful conduct could become increasingly sophisticated and widespread with the use of artificial intelligence (AI) techniques and must be tackled effectively.

1.8. The EESC proposes that this regulatory harmonisation be clarified and defined specifically, without prejudice to the complementary creation of co-regulatory frameworks. This co-regulation should involve influencers, their agents and their representative associations; the industry and advertisers; advertising self-regulatory associations; consumer and user associations; the social partners and civil society organisations; and regulatory authorities.

1.9. For the EESC, there are a number of issues relating to the activity of content creators/influencers, such as their place in labour law, matters concerning income tax and VAT, and the specific activity carried out by influencers who are children, which we believe should be carefully analysed at EU level.

2. General comments

2.1. One of the most characteristic aspects of the digital transformation seen in the audiovisual and electronic communications field over the last decade is the proliferation of ‘content creators’ — individuals who, apparently operating in a personal capacity, disseminate messages systematically and in various formats (videos, comments, photos) via web platforms, social media and electronic messaging. When these content generators have large numbers of loyal followers, they become influencers, which in the field of advertising can be defined as ‘a content creator with a commercial intent, who builds trust- and authenticity-based relationships with their audience (mainly on social media platforms) and engages online with commercial actors through different business models for monetisation purposes’⁽¹⁾.

2.2. The relationship between influencers and followers — characterised by the perception of closeness, authenticity and trust — has a direct and indirect impact on the attitude of followers towards brands as well as on their consumer purchasing decisions. This is particularly the case for children, young people and consumers with low levels of education and/or income and low media and information literacy.

2.3. Where commercial communication in particular is concerned, not only does the use of influencers as champions of products and brands allow companies seeking to advertise to benefit from their impact and reputation, in the context of ‘influence marketing’ — especially in relation to young people, who are harder to reach through more traditional mass media — it also affords such companies greater freedom when developing sales arguments which they would not use in their conventional advertising and which sometimes circumvent the law. On the other hand, advertisers themselves stress that the particular nature of influencers gives them a high degree of autonomy in constructing the commercial message, which the advertiser cannot always control.

2.4. In other words, although there are no specific rules at EU level governing the activity of influencers, the existing European legislation currently provides an adequate level of protection for the dual activity that influencers can carry out in the single market: as **advertisers (and traders)** primarily, and as **seller/producers**.

⁽¹⁾ *The impact of influencers on advertising and consumer protection in the Single Market*, European Parliament, 2022, p. 9.

2.4.1. Legislation at EU level governing influencers mainly as **advertisers (and traders)** includes the following:

- the **Unfair Commercial Practices Directive (UCPD)** ⁽²⁾, which lays down a legal framework for dealing with misleading advertising and commercial practices implemented by influencers. The **European guidance on the interpretation and application of the UCPD** ⁽³⁾, which clarifies how the Directive is to be applied when an influencer acts as a trader or alternatively as a person acting in the name or on behalf of a trader. In this context, the Commission is currently conducting the Fitness Check on Digital Fairness, which should also cover the topic of *influencers* ⁽⁴⁾;
- the **e-Commerce Directive** ⁽⁵⁾, which provides additional protection to consumers when influencers post commercial communications on the internet via their social media accounts and blogs;
- the **Audiovisual Media Services Directive (AVSMD)** ⁽⁶⁾, which introduces specific new rules for 'video-sharing platform services' and affects influencers where it relates to user-generated videos which are disseminated through those platforms and which may contain commercial communications.

2.4.2. Legislation at EU level governing influencers as **sellers or producers** includes the following:

- the **Consumer Rights Directive (CRD)** ⁽⁷⁾;
- the **Digital Content and Services Directive** ⁽⁸⁾;
- the **Sales of Goods Directive** ⁽⁹⁾.

2.4.3. These two specific areas where EU law intervenes are supplemented by the Digital Services Package, consisting of:

- the **Digital Services Act (DSA)** ⁽¹⁰⁾, which gives greater transparency and accountability for the content of digital services and consumer protection;
- the **Digital Markets Act (DMA)** ⁽¹¹⁾, which regulates 'gatekeepers', i.e. platforms with at least 45 million active monthly users.

⁽²⁾ Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council ('Unfair Commercial Practices Directive') (OJ L 149, 11.6.2005, p. 22).

⁽³⁾ Commission Notice — Guidance on the interpretation and application of Directive 2005/29/EC of the European Parliament and of the Council concerning unfair business-to-consumer commercial practices in the internal market (OJ C 526, 29.12.2021, p. 1), point 4.2.6.

⁽⁴⁾ See Review of EU consumer law (europa.eu).

⁽⁵⁾ Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market ('Directive on electronic commerce') (OJ L 178, 17.7.2000, p. 1).

⁽⁶⁾ Directive (EU) 2018/1808 of the European Parliament and of the Council of 14 November 2018 amending Directive 2010/13/EU on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services (Audiovisual Media Services Directive) in view of changing market realities (OJ L 303, 28.11.2018, p. 69).

⁽⁷⁾ Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights, amending Council Directive 93/13/EEC and Directive 1999/44/EC of the European Parliament and of the Council and repealing Council Directive 85/577/EEC and Directive 97/7/EC of the European Parliament and of the Council (OJ L 304, 22.11.2011, p. 64).

⁽⁸⁾ Directive (EU) 2019/770 of the European Parliament and of the Council of 20 May 2019 on certain aspects concerning contracts for the supply of digital content and digital services (OJ L 136, 22.5.2019, p. 1).

⁽⁹⁾ Directive (EU) 2019/771 of the European Parliament and of the Council of 20 May 2019 on certain aspects concerning contracts for the sale of goods, amending Regulation (EU) 2017/2394 and Directive 2009/22/EC, and repealing Directive 1999/44/EC (OJ L 136, 22.5.2019, p. 28).

⁽¹⁰⁾ Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market For Digital Services and amending Directive 2000/31/EC (Digital Services Act) (OJ L 277, 27.10.2022, p. 1).

⁽¹¹⁾ Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act) (OJ L 265, 12.10.2022, p. 1).

2.4.3.1. In the DSA, the EU defines illegal content as ‘any information, [...] including the sale of products or the provision of services, [which] is not in compliance with Union law or the law of any Member State [...], irrespective of the precise subject matter or nature of that law’. This new definition means that failure to comply with these rules can make the content illegal in the EU.

2.5. Despite the presence of some European rules, in the framework of which the unlawful conduct of influencers (as advertisers or as sellers/producers) can be regulated by the different Member States, various forms of action are called for:

- adopt specific legislation on influencers;
- implement existing consumer protection legislation;
- publish guides and codes of conduct to establish good practices;
- use digital control and enforcement tools;
- provide training and certification for influencers;
- raise awareness and support consumers;
- facilitate compliance on platforms through standardised dissemination tools.

2.6. Given the particular, constantly-evolving context in which content creators/influencers operate, the EESC believes that, despite the existing European legislation, action must be taken to ensure homogeneous application of ad hoc rules aimed at combating the specific illegal activities of influencers in the EU. The EESC's position is borne out by the fact that the Commission is assessing whether to proceed with ad hoc legislation.

2.7. This possibility has been examined for a number of years by governments, EU and national regulatory authorities, consumer and user associations, and civil society bodies ⁽¹²⁾. This has led to various legal initiatives in the Member States ⁽¹³⁾, such as France, Belgium (Flanders) and Spain, as well as in terms of self-regulation and co-regulation at European ⁽¹⁴⁾ and Member State level. It also explains the interest shown by the Spanish Government, in the context of its presidency of the European Union, in asking the EESC for this exploratory opinion on advertising through influencers and its impact on consumers.

2.8. In its request for an opinion, the Spanish Ministry of Consumer Affairs refers to the perception of closeness, authenticity and trust that characterises the relationship between influencers and consumers, which does not usually occur to the same degree with other social communication models, and focuses its concerns on two main aspects:

- firstly, the continued and prolonged use of social networks among minors, who are characterised by their vulnerability as consumers as they are exposed to commercial communications which may contain elements detrimental to their physical, psychological, social and emotional development;
- secondly, the lack of transparency and identifiability of such commercial communications, which characterises the activity of influencers by fraudulently concealing its advertising nature from consumers.

3. Proposals

3.1. Given the existing problems, the EESC considers that the conditions exist to improve and implement European legislation for specific illegal activities involving influencers and to harmonise it at European level, with specific obligations for the administrators of the platforms on which they operate, and for content creators and/or influencers themselves (EU and non-EU residents).

⁽¹²⁾ See footnote 1.

⁽¹³⁾ *Mapping report on the rules applicable to video-sharing platforms*, European Audiovisual Observatory, 2022.

⁽¹⁴⁾ *EASA Best Practice Recommendation on Influencer Marketing 2023*, European Advertising Standards Alliance, 2023.

3.2. *Video-sharing platforms and social networks*

3.2.1. While European legislation (the AVMSD and the Digital Services Package) requires the administrators of video-sharing platforms and social networks, on which content creators and influencers operate, to comply with the provisions on commercial communications and the protection of minors, the EESC notes that:

- platform administrators have no editorial responsibility for ‘illegal’ content created by users;
- similarly, there is no need for content creators/influencers and platform administrators to collaborate in order to ensure actual compliance with European legislation.

3.2.2. The EESC therefore calls for social network and platform administrators to:

- be jointly and severally liable for illegal content published by content creators/influencers;
- be obliged — in all cases where illegal activity by content creators/influencers is reported — to take the necessary action to neutralise the illegal online communication and report the illegal activity carried out by content creators/influencers to the competent authority;
- platforms and administrators of social networks should require all content creators/influencers operating outside the EU to identify clear legal liability within the EU and to hold professional indemnity insurance in case of harm caused by unlawful conduct.

3.3. *Content creators/influencers*

3.3.1. In drawing up proposals for the effective regulation of the provision by users of content through video-sharing platforms and social networks and, more specifically, of the advertising activity of influencers, it may be of interest to take into account the reports published in 2021 and 2022 by the European Regulators Group for Audiovisual Media Services (ERGA) ⁽¹⁵⁾, which made recommendations for the regulation of ‘vloggers’.

3.3.2. Essentially, the ERGA points out that the activity of influencers can be regarded as an audiovisual media service within the meaning of the AVMSD, provided that a number of requirements are met simultaneously:

- it must be an economic service, as defined in Articles 56 and 57 TFEU;
- the provider must have editorial responsibility for the content offered;
- it must be a service targeted at the general public, who select and request individually how the content is displayed, and aim to have a clear impact on a significant proportion of the public;
- the function of the content (videos/programmes) must be primarily to inform, entertain or educate;
- the content must be audiovisual and provided over electronic communications networks.

3.3.3. In this regard, harmonisation at European level should be proposed that explicitly covers the regulation of content creators/influencers and their responsibility when they generate and/or disseminate commercial communications, ensuring greater transparency and accountability in the conduct of their activities.

3.3.3.1. A whole chain of actors is involved in the activity of content creators/influencers: brands, multimedia companies and freelancers, management/talent agencies and agents, social media analysis platforms, multichannel networks, and public relations/advertising companies, whose contracts should provide for the specific responsibilities of all stakeholders, including joint responsibility for illegal conduct by the content creator/influencer.

⁽¹⁵⁾ *Analysis and recommendations concerning the regulation of vloggers*, ERGA, 2021, and *ERGA Vloggers Report 2*, ERGA, 2022.

3.4. The EESC urges both platform and social network administrators and content creators/influencers to ensure:

- the technical possibility of preventing underage users of the platform and/or social network from viewing sensitive content (alcohol and energy drinks, gambling and betting activities, pornography, tobacco and tobacco products, including e-cigarettes, aesthetic surgery, etc.), which in any case must be marked 'prohibited for children under 18', require age verification and allow the use of parental control;
- the inclusion of the words 'advertising', 'commercial communication' or 'sponsored by' in such messages;
- for retouched or modified images, the words 'retouched image';
- 'virtual image' for output created using artificial intelligence, as well as the identification of the use of virtual influencers.

3.5. Special attention should also be paid to the use of dark patterns, the improper or disparaging use of trade marks, the promotion of unauthorised financial products, and identity theft or fake influencers using the images of well-known people without their knowledge, which are increasingly common, particularly in relation to financial investments and cryptocurrencies. This unlawful conduct is becoming increasingly sophisticated and widespread with the use of AI and must be tackled effectively.

3.6. The regulatory harmonisation proposed by the EESC can be complemented by co-regulatory frameworks involving influencers, their agents and their representative associations; the industry and advertisers; advertising self-regulatory associations; consumer and user associations; the social partners and other civil society organisations; and regulatory authorities.

3.7. For the EESC, a number of questions remain relating to the activity of content creators/influencers, such as their place in labour law, matters concerning income tax and VAT, and the specific activity carried out by influencers who are children, which we believe should be carefully analysed at EU level.

Brussels, 13 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

Opinion of the European Economic and Social Committee on ‘Measures to improve mental health’

(Exploratory opinion requested by the Spanish Presidency)

(2023/C 349/16)

Rapporteur: **Milena ANGELOVA**

Co-rapporteur: **Ivan KOKALOV**

Request from the Spanish Presidency of the Council	Letter, 8.12.2022
Legal basis	Article 304 of the Treaty on the Functioning of the European Union Exploratory opinion
Section responsible	Employment, Social Affairs and Citizenship
Adopted in section	21.6.2023
Adopted at plenary	13.7.2023
Plenary session No	580
Outcome of vote (for/against/abstentions)	205/0/2

1. Conclusions and recommendations

1.1. Mental health has a complex nature. It is affected by a plethora of factors: biological, psychological, educational, social, economic, occupational, cultural and environmental. Successful improvement and promotion of mental health ⁽¹⁾ and prevention of mental health issues require a complex, multidisciplinary, life-long approach to be applied and firmly embedded as a cross-cutting top priority in policy-making at EU and national (regional and sectoral) level in order to:

1.1.1. Encourage reform of health systems across the EU to ensure that they deliver integrated and planned long-term interventions and care not only to cure, but to prevent medical conditions using multidisciplinary teams, instead of being organised around episodic models of care. The ultimate goal should be to realign the dominant direction of the health system in the field of mental health towards complex biopsychosocial and human-rights-based practices, ensuring prevention, early detection and screening of ill mental health and effective case management and provision of a person-centred approach in the community.

1.1.2. Focus on constant promotion of mental health, prevention of mental illness and building resilience that is mainstreamed into all EU, national, regional and sectoral policies. While looking towards its forthcoming communication on a holistic approach to mental health, the EESC welcomes the European Commission’s communication on a comprehensive approach to mental health ⁽²⁾, backs strongly its ‘major public policy goal to ensure that no one is left behind, that citizens have equal access to prevention and mental health services across the EU, and that reintegration and social inclusion guides collective action addressing mental health illnesses’ and calls for its swift transposition into an EU Mental Health Strategy that has a timeframe, is sufficiently funded, defines responsibilities and includes indicators to monitor progress across the EU and Member States — including in the framework of the European Semester process. The Semester should give more consideration to the impact of socioeconomic and environmental factors on mental health, including the important benefits of improving access to affordable and quality services of general interest (housing, energy, waste/water, etc.). Ideally, this would steer national-level work by, for example, requiring Member States to develop and

⁽¹⁾ C. Winslow (1923) defined health promotion as an organised effort by society to educate the individual on personal health issues and develop a social system that provides each individual with a standard of living adequate to maintaining and improving their health.

⁽²⁾ COM(2023) 298 final.

implement action plans which the Commission could periodically review and bring countries together to exchange and inspire each other to strive for ambitious actions. The main environmental and social risk factors should be constantly monitored and relevant strategies and measures should be swiftly adopted to minimise and eliminate those risks.

1.1.3. Provide possibilities for early diagnosis, adequate treatment, psychotherapy and rehabilitation for people with mental health conditions and psychological disabilities and social inclusion based on respect of personal dignity, human rights, freedom and equality.

1.1.4. Mental health should be recognised in all Member States as a serious topic that requires an adequate degree of attention and a holistic, coordinated, structured and human-centred response. Coercion, stigma, segregation and discrimination around mental health conditions need to be lifted. Appropriate funding for health services to address mental health problems is essential for those services to be made universally accessible and affordable. This includes investments in properly trained health care personnel in sufficient numbers. Adequate levels of pay, constant up-skilling and sufficient staffing levels would ensure enough attention and time devoted not only to patients, but also to people seeking medical advice, opinion or treatment. The funding aspect, both in physical and social infrastructures in the health sector, should be better developed in the NRRPs in which representation and coverage of health-related projects are significantly lacking in their current form. Many NRRPs do not adequately address recent multiple crises that aggravate the risk of cascading mental health issues and therefore they should be updated promptly.

1.1.5. Improved access should be provided to support services, treatment, psychotherapy, medical and social rehabilitation, special and general care and activities related to psychosocial support. This should be done by developing and implementing innovative, personalised and evidence-based interventions, improving and ensuring equal and socially acceptable access to medication, support for the families of persons with mental health conditions, improving the capacity and qualification of those providing general and specialised care and building a system for integrated care, including community-based, delivered by multidisciplinary teams.

1.1.6. Develop and implement complementary approaches to provide appropriate support in crisis and emergency situations. It is necessary to establish a 'pyramid of interventions' based on embedding social and cultural considerations into core measures to tackle medical conditions, strengthening community ties and family support through focused non-specific support and providing specialist services and assistance from various health professionals for citizens with more severe conditions. At all levels of education, health promotion curricula should focus on developing adequate behaviour and ensuring basic health care, as well as on mental health hazards and how to avoid or reduce their impact, with emphasis on special cases such as pandemics or natural disasters.

1.1.7. Enable rights-based, person-centred, recovery-oriented, community-based mental health systems that prioritise the person's empowerment and active participation in their own recovery with the ultimate goal of improving the quality of life of people with mental health conditions. Promote the efforts to implement inclusive care and support within the mental health system to focus on the needs of specific and vulnerable groups, such as children, older people, refugees and migrants, LGBTIQ+ as well as people in disadvantaged socioeconomic situations.

1.1.8. Provide global, inter-state and inter-sectoral cooperation in the field of mental health, build multi-stakeholder capacity and a guarantee of inclusive participation into the implementation of the initiatives. This should: entail coordination, exchange of information, experience and good practices; boost scientific research and innovation; aim towards positive health and social outcomes and digitisation of processes; promote work in networks/platforms of social partners, researchers and scientists, health professionals, social workers, patient NGOs and social services.

1.1.9. Workplaces are seen as cradles for nurturing mental health and support. Therefore, common initiatives and joint actions of social partners aimed at continuously improving working conditions should be promoted, including via sufficient funding. Psychosocial risks in the workplace must be assessed and eliminated, and every effort must be made to prevent violence and mental harassment ⁽³⁾.

⁽³⁾ Specific elements regarding precarious work and mental health are tackled in detail in Opinion of the European Economic and Social Committee on Precarious work and mental health (exploratory opinion requested by the Spanish Presidency) (OJ C 228, 29.6.2023, p. 28).

1.2. Because of the growing importance of mental health, and in order to send a strong signal for the need to form a strong alliance to improve and promote mental health, the EESC calls upon the EC to declare 2024 as the European Year of Mental Health.

1.3. There is a direct link between human rights violations and mental ill health as people with mental disabilities, intellectual disabilities and substance abuse problems often experience bad treatment, human rights violations and discrimination in health care settings. In many countries, the quality of care in both inpatient and outpatient facilities is poor or even harmful and can actively hinder recovery⁽⁴⁾. It is necessary to monitor existing social and mental health care services against the UN Convention on the Rights of Persons with Disabilities standards, develop rights-based practices and invest in services and support that are respectful of the free and informed consent of the person, and safe from coercion and forced treatment. It is necessary to adopt guidelines and protocols, as well as provide training on rights-based approaches for health and social care workers.

2. Background

2.1. Mental health is a growing concern across the EU as it is not only a cornerstone of wellbeing and the European way of life, but also costs 4 % of EU GDP annually. Therefore, the EESC decided to devote an own-initiative opinion to it. In her State of the EU speech in September 2022, European Commission President Ursula von der Leyen announced the EC's intention to present a new comprehensive approach to mental health in 2023 (included in the EC Work Programme 2023). The growing importance of mental health was also stressed in the conclusions of the Conference on the Future of Europe, calling — following a special request from young people — for initiatives to improve understanding of mental health issues and how to deal with them. The revised CultureForHealth report in December 2022⁽⁵⁾ also calls upon the European Commission to focus on mental health as a strategic priority.

2.2. Following the request of European citizens, the EP⁽⁶⁾ and the Council also called for action in this area. Recently, the forthcoming Spanish Presidency requested an exploratory opinion from the EESC, which was coupled with the initial own-initiative proposal.

3. Determinants of mental health

3.1. The most important determinants of mental health are micro- and macro-environment, individual socio-psychological factors and cultural-environmental factors, e.g., family status, gender, lack of supportive relationships, low level of education, low income and/or socioeconomic status, occupational problems, poor or precarious working conditions, unemployment, financial difficulties, perceived stigma and discrimination, poor somatic health, loneliness, low self-esteem, poor living conditions, ageing, negative life events, etc. Vulnerabilities and uncertainty for the future, combined with changes in value systems and adherence to them by the new generations also aggravate the risk of mental problems. The assessment of individualised psychosocial risks is of paramount importance in the world of work — especially when high responsibility, uncertainty, precariousness, hazardous environment or atypical work is involved. Individual characteristics, e.g. stress tolerance, chronic diseases, etc. must be taken into account as well.

3.2. At the population level, risk factors are associated with adverse childhood experience, poverty, poor governance, discrimination, human rights abuses, poor education, unemployment, poor health care, lack of housing and adequate social and health services, quality of social protection policies, lack of opportunities, etc. There is an interdependence between poverty and mental health conditions and a vicious circle occurs — mental conditions lead to poverty, and poverty is a risk factor for poor mental health.

3.3. Environmental factors also affect mental health. Their influence is always complex and depends on the prevailing context or background against which mental health conditions occur. Many of them relate to climate, natural phenomena and disasters such as hurricanes or earthquakes. Others are linked to the availability and quality of drinking water, availability of sewage disposal, the degree of urbanisation, etc.

⁽⁴⁾ WHO QualityRights tool kit to assess and improve quality and human rights in mental health and social care facilities. Geneva, World Health Organization, 2012.

⁽⁵⁾ <https://www.cultureforhealth.eu/knowledge/>.

⁽⁶⁾ European Parliament resolution of 10 July 2020 on the EU's public health strategy post-COVID-19 (2020/2691(RSP)) (OJ C 371, 15.9.2021, p. 102), https://www.europarl.europa.eu/doceo/document/TA-9-2020-0205_EN.html.

3.4. Determinants of mental health affect different groups of people to different degrees. Usually, the more vulnerable the group, the stronger the effects are on it. More vulnerable groups include young people and single older people, people feeling lonely and those living with pre-existing conditions or intellectual or mobility disabilities, and migrants.

3.5. Any form of addiction — be it substance-related or behavioural, jeopardise good mental health. Alongside alcohol, tobacco and drugs, some medication can also cause addiction — including those prescribed to alleviate mental health conditions. Therefore, it is important for everyone in need to have fast-track access to professional psychiatrists and psychotherapists who can help tackle these problems in depth. Medicines can be a temporary solution while getting professional help. Behavioural addictions need special attention, especially those stemming from excessive use of digital devices ('no-mob-phobia' ⁽⁷⁾), as they especially affect children and adolescents. Algorithms that are used to personalise content in social media may also create risks of aggravating mental conditions by continuing to suggest the content that causes mental health issues — most often anxiety and depression. Regarding psychedelic therapies, which are emerging as a new class of groundbreaking treatments for conditions like severe depression, PTSD and alcohol use disorder, more research is needed in a controlled therapeutical setting. The EESC recognises the potential of these treatments and asks for devoted funding for promoting research, development and eventual commercialisation of them.

3.6. The Headway Mental Health Index ⁽⁸⁾ describes impacts including increased mortality, impulsive and aggressive behaviour and higher suicide rates. It also revealed that previously little-discussed factors such as an average monthly temperature increase of one degree were associated with a 0,48 % increase in mental health emergency room visits and a 0,35 % increase in suicides.

3.6.1. The index reveals that approximately 22,1 % of people in a conflict environment experience a mental health condition (13 % have mild forms of depression, anxiety and post-traumatic stress disorder, 4 % have more moderate forms, 5,1 % have major depression and anxiety, schizophrenia or bipolar disorder). Approximately one in five people continue to live with a post-conflict mental health condition.

3.6.2. With 27 ongoing conflicts ⁽⁹⁾ around the world and 68,6 million people displaced worldwide ⁽¹⁰⁾, addressing the mental health needs of people affected by conflict and migration is a key priority and requires increased health monitoring — for at least three years after the event.

3.6.3. The index further outlines key opportunities for health systems to improve or maintain mental health outcomes in the future. Data reveal a significant gap in mental health strategies, policies and legislation, and there are large differences in health care spending across Member States (e.g. France 14,5 % v. Luxembourg 1 %) ⁽¹¹⁾. On a positive note, strides are being made with outpatient mental health facilities increasing from 3,9 to 9,1 per one million people.

4. The effect of recent multiple crises on mental health

4.1. Before COVID-19, data suggested that over 84 million people (or one in six) in the EU were affected by mental illness — a figure that has certainly increased since then ⁽¹²⁾. About 5 % of the working-age population had high needs due to a mental health condition and another 15 % had moderate mental health needs that reduced their employment prospects, productivity and wages. Mental health and behavioural conditions account for approximately 4 % of deaths per year in Europe and are the second most common cause of death among young people.

⁽⁷⁾ Fear of not having access to a mobile phone or other device, also related to social media and internet addiction.

⁽⁸⁾ https://eventi.ambrosetti.eu/headway/wp-content/uploads/sites/225/2022/09/220927_Headway_Mental-Health-Index-2.0_Report-1.pdf.

⁽⁹⁾ https://eventi.ambrosetti.eu/headway/wp-content/uploads/sites/225/2022/09/220927_Headway_Mental-Health-Index-2.0_Report-1.pdf, p. 60.

⁽¹⁰⁾ UN data.

⁽¹¹⁾ <https://www.angelinipharma.com/media/press-releases/new-headway-report-highlights-environmental-determinants-of-mental-health/>.

⁽¹²⁾ https://health.ec.europa.eu/system/files/2022-12/2022_healthatglance_rep_en_0.pdf.

4.2. Mental health has deteriorated further since the start of the COVID-19 pandemic in general, but the impact is particularly felt among young people, the elderly, people who have lost a loved one due to COVID-19 and other vulnerable groups. Social isolation and societal stress affect mental health and well-being of people negatively. People with underlying health issues are exposed to a risk of deterioration of physical and mental health. Contrary to increased demand for mental health care services, access to health care was greatly disrupted in the context of the pandemic, at least in its first phase. The increased demand for mental health care highlights the growing importance of telemedicine and digital solutions in the prevention, diagnosis, treatment and monitoring of mental health problems.

4.3. Stressful events accompanying the COVID-19 pandemic include: the risk of infection and transmission of the virus to other people, fear of the long-term consequences of the pandemic (including economic ones), symptoms of other diseases (especially respiratory) being incorrectly interpreted as symptoms of COVID-19, the closure of schools and kindergartens increasing the stress of parents and caregivers, feelings of anger and dissatisfaction with the government and medical personnel, or mistrust of information provided by the government and other official bodies.

4.4. In addition, frontline health care workers (including nurses, doctors, ambulance drivers, laboratory technicians and paramedics) experience additional stressors during the pandemic, such as stigmatisation of working with at-risk patients, insufficient personal protective equipment and lack of equipment for the care of severe patients, need for constant vigilance, increased working hours, increased number of patients, need for constant up-skilling and training, changing protocols for diagnosis and treatment of patients with COVID-19, reduced social support, insufficient personal capacity for self-care, insufficient medical information about the long-term effects of the infection and fear of infecting family and loved ones.

4.5. Recently, Russian aggression against Ukraine and its consequences for livelihoods and uncertainty about the future have created new shocks with long-term effects on mental health. Non-EU nationals such as those fleeing Ukraine may face particular mental health challenges due to traumatic experiences in their home country or fleeing to the EU. At the same time, the war creates spill-over effects and burdens the EU population socioeconomically, thus generating additional long-term risks for mental health across the EU.

5. Vulnerable groups

5.1. **Children and adolescents.** Early childhood mental health promotion interventions should be an integral part of general health care for children and their parents and care-givers. These start during pregnancy and continue with support for responsible parenting and early childhood development advice. Educational systems should focus on information and awareness raising, prevention and screening for violence — both physical and online, alcohol, tobacco or drug abuse, etc. The use of social media threatens mental health when it is excessive, but these media also offer opportunities for treatment of mental conditions. The influence of school stress and school performance may also cause pressure on mental health.

5.1.1. Programmes to promote mental well-being should be introduced in schools and mental health literacy advanced. Effective pathways to the health care sector should be developed to support children from a young age to recognise their feelings and those of others, and to deal with difficult emotions and situations by choosing effective coping strategies. Online platforms for the promotion of mental health in educational institutions and interactive age-appropriate websites for young people are imperative.

5.1.2. Children's mental health protection requires not only medical measures to ensure the absence of clinical symptoms, but also targeted efforts for a good quality of life and full social adaptation. A collaborative approach (joining forces of educational, health care and social sectors) is needed in schools to promote mental health, address trauma, and prevent and treat mental health problems, substance use and abuse, suicide, youth violence and various forms of bullying.

5.2. **People in advanced age.** The average life expectancy in Member States is constantly increasing, which brings the issue of old age to the fore. Aging processes often may cause life changes (incl. psychosensory) and development of needs related to mental conditions. Violations in the psychomotor and sensory spheres and the gradual loss of acuity of

perception and difficulties in adapting to the changing environment lead to anxiety and depression. Neurological disorders involving the cortex, a combination of age-related changes in the brain, along with genetic, environmental and life-style factors, are also causing effects. While there are growing needs for up-skilling to deal with increasingly complex household appliances, with advanced age the abilities to learn and acquire new skills decrease and this may cause stress in daily life. Furthermore, experience of certain life changes, difficulties, losses and isolation also add pressure to mental health in older age. To cope with all these challenges, it is necessary to develop standards for structured care that goes beyond the institutional level and addresses older people's personal needs. The development of person-centred care-giving programmes in the community is vital so as not to limit the services only to institutions such as homes for older people or hospices. Further effort must be made to actively search for people who need support, especially in crisis situations or after a traumatic event.

5.3. **Gendered perspectives.** Gender imbalances linked to mental health also pose a problem. The European Institute for Gender Equality (EIGE) via its Gender Equality Index 2022⁽¹³⁾ found that women reported lower levels of mental well-being than men in each of the three waves of the pandemic. There has also been a significant increase in domestic violence during the pandemic, called the 'shadow pandemic'. Furthermore, women are twice as likely as men to experience long COVID-19 with neurological symptoms and higher levels of depression and anxiety⁽¹⁴⁾. The European Care Strategy⁽¹⁵⁾ also addresses work-life balance-related needs especially in relation to women⁽¹⁶⁾.

5.3.1. There should be a gender impact assessment in all mental health policies at EU and national level to ensure gender mainstreaming. There are biological differences, but psychological and social factors also play an important role. Although quite a bit is already known about prevalence differences, little is often clear about the influence this can have on prevention, risks, diagnosis and treatments. Therefore, more research is needed. An important example is the trend of much sharper deterioration of mental health for teenage girls compared to boys, and the pressures on girls are three times stronger currently than 20 years ago.

5.3.2. There is an urgent need for gender-tailored mental health support and treatment. During a woman's lifecycle, there are many episodes that could induce mental health issues. For instance, premenstrual dysphoric disorder (PMDD); the mental, physical, psychiatric and pharmacokinetic effect of menopause or oral contraception; the lack of drug therapy for pregnant and breastfeeding women; the lack of tailored mental and health care and treatment after domestic and/or sexual violence, early marriage and (early) exposure to (violent) pornography, or trafficking. All these can lead to worsening mental health and wellbeing.

5.4. **People with addictions.** A special emphasis should be placed on mental health conditions related to alcohol and/or illicit drug addiction. Alcohol-use-related risks are of particular importance due to their widespread use. The prelude to alcoholism is excessive and harmful drinking, which starts with the excuse of using it as a stress reliever and often leads to addiction. Unfortunately, the EU study ESPAD shows that this risky use of alcohol is also visible among the younger generation. The use of other illicit drugs has also become a serious public health problem in recent decades, with a particularly pronounced generational aspect.

5.5. **People with intellectual and psychosocial disabilities.** People with high mental health care needs require a good quality and accessible person-centred and rights-based chain of services in mental health services in the community. During the COVID-19 pandemic, persons with disabilities living in institutions were 'cut off from the rest of society' with reports of residents being overmedicated, sedated or locked up and examples of self-harm also were reported⁽¹⁷⁾. During the

⁽¹³⁾ Read the report via https://eige.europa.eu/sites/default/files/documents/gender_equality_index_2022_corr.pdf. See also <https://eige.europa.eu/publications/gender-equality-index-2021-report/women-report-poorer-mental-well-being-men>.

⁽¹⁴⁾ <https://timesofindia.indiatimes.com/life-style/health-fitness/health-news/females-twice-more-likely-to-suffer-from-long-covid-who-releases-alarms-data-on-sufferers-and-symptoms/photostory/94194227.cms?picid=94194317>.

⁽¹⁵⁾ https://ec.europa.eu/commission/presscorner/detail/en/ip_22_5169.

⁽¹⁶⁾ <https://ec.europa.eu/social/main.jsp?langId=en&catId=89&furtherNews=yes&newsId=10382#navItem-relatedDocuments>.

⁽¹⁷⁾ Brennan, C.S., Disability Rights During the Pandemic: A Global Report on Findings of the COVID-19 Disability Rights Monitor. 2020, COVID-19 Disability Rights Monitor.

COVID-19 pandemic, there were higher mortality rates among persons with intellectual disabilities, who are also less likely to receive intensive care services⁽¹⁸⁾. Providing individualised person-centred care and support under crisis conditions is significantly more challenging to deliver in large scale institutions, which puts people with intellectual and psychosocial disabilities at considerable risk of inequalities in care and treatment⁽¹⁹⁾. Thus segregation practices have to be abolished, deinstitutionalisation has to be at the core of social policies to enable people with disabilities to enjoy their right to live in the community.

5.6. Excessive stress exposure — e.g. pandemic, natural disasters, conflicts

5.6.1. The COVID-19 pandemic and following long COVID-19 syndrome has exacerbated many risk factors affecting individuals, leading to poor mental health, and weakened many protective mechanisms, leading to an unprecedented prevalence of anxiety and depression. In certain Member States, this prevalence has doubled⁽²⁰⁾. Mental health tended to be at its worst around the peaks of the pandemic, with depression symptoms usually highest around the time of strict containment measures.

5.6.2. The COVID-19 pandemic highlighted the possible avenues for positive interaction between safe and healthy working conditions and public health⁽²¹⁾. It also proved some occupations to be exposed to psychosocial factors that can increase exposure to stress⁽²²⁾ and produce negative impacts. For example, staff burnout and demographic changes threaten a permanent contraction in the European health workforce⁽²³⁾. Some professions are more exposed than others to precariousness⁽²⁴⁾ and to risk of physical harassment — e.g., workers in: health care and education (14,6 %), transport and communication (9,8 %), hospitality (9,3 %), retail (9,2 %). Those sectors also report unwanted sexual attention: hospitality (3,9 %), health care and education (2,7 %) and transport and communication (2,6 %)⁽²⁵⁾. Such stressful events may cause mental issues and conditions and must be prevented.

5.6.3. **People who have experienced the dangerous environment of uncontrollable natural disasters**, e.g., earthquakes, hurricanes, fires and floods, victims of human trafficking as well as international protection seekers. There are also different types of reactions⁽²⁶⁾ after a potential trauma event:

- Stress: overcome almost immediately,
- Acute stress: attention decreases, consciousness is blurred, momentary amnesia, disorientation, tremors, aggressiveness and anxiety appear, which can last from several hours to four weeks,
- Post-traumatic stress disorder: the same symptoms appear up to a month after the event (e.g. the earthquake).

6. Examples of good practices

6.1. During the pandemic, many Member States took steps to increase support for mental health. Most developed new mental health information and/or helplines advising on coping measures during the COVID-19 crisis, while many countries also increased prevention and promotion efforts and increased access to mental health services and funding for these services⁽²⁷⁾. Some examples include:

- Cyprus — extending the remit of epidemiological committees from addressing the physical health risks to also incorporate mental health issues in specialised subcommittees⁽²⁸⁾,

⁽¹⁸⁾ <https://www.who.int/news-room/fact-sheets/detail/disability-and-health>.

⁽¹⁹⁾ <https://apps.who.int/iris/bitstream/handle/10665/333964/WHO-EURO-2020-40745-54930-eng.pdf>.

⁽²⁰⁾ Health at a Glance: Europe 2022 © OECD/European Union, 2022.

⁽²¹⁾ <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A52021DC0323>.

⁽²²⁾ <https://osha.europa.eu/en/themes/health-and-social-care-sector-osh>.

⁽²³⁾ Opinion of the European Economic and Social Committee on Health Workforce and Care Strategy for the future of Europe (own-initiative opinion) (OJ C 486, 21.12.2022, p. 37).

⁽²⁴⁾ Opinion of the European Economic and Social Committee on Precarious work and mental health (exploratory opinion requested by the Spanish Presidency) (OJ C 228, 29.6.2023, p. 28).

⁽²⁵⁾ <https://osha.europa.eu/en/themes/health-and-social-care-sector-osh>.

⁽²⁶⁾ Flore Gil Bernal, Iberoamerican university in Mexico, www.fearof.net.

⁽²⁷⁾ Office for National Statistics (2021), *Coronavirus and depression in adults*, Great Britain: July to August 2021.

⁽²⁸⁾ Long Covid Syndrome — <https://www.oeb.org.cy/egcheiridia-long-covid-cyprus>.

- Finland — as a country of long distances and high take-up of digital technologies, use of digital tools can provide easier, cost-efficient and lower-threshold access to mental health services (prevention, diagnostic, treatment, monitoring). For example, Mielenterveystalo.fi is an online service that provides information and services on mental health for citizens and social and health care professionals in Finland. Especially in areas lacking physical mental health care services and among vulnerable groups such as young people who are using digital tools and devices actively or people with physical disabilities, digital solutions can increase the take-up of mental health services and prevent mental health problems.
- Portugal — free 24-hour telephone line for psychological support,
- France — introduced free consultations with a psychologist or psychiatrist for students,
- Ireland — provided additional funding of EUR 50 million in 2021 to create new mental health services in response to a crisis, as well as additional support for existing mental health needs,
- Latvia — increased funding for mental health professionals and family doctors providing mental health support,
- Lithuania — national mental health platform with information on how to maintain mental health and resources for support,
- Czechia — most compulsory health insurance funds have introduced partial reimbursement of psychotherapy open to all their beneficiaries.

6.2. Other Member States have also introduced national strategies to address the challenges of mental health. For instance, Spain has dedicated an entire chapter of its 2022–2026 national strategy to mental health challenges as a result of the COVID-19 pandemic, introducing a set of guidelines on addressing such challenges during and post-crisis. In Lithuania, in 2020, an action plan in response to COVID-19 was developed to strengthen the provision of mental health care and mitigate the potential negative consequences of the pandemic⁽²⁹⁾. The action plan in Lithuania also sets out a series of measures to expand and adapt existing services, introducing new services such as psychological community crisis teams, availability of low-threshold psychological counselling at municipal level and making services to promote mental health more accessible.

6.3. Psychotherapy, psychological counselling, various talking and group therapies are evidence-based treatments, which have to be scaled up to be affordable, accessible and available for people who need it in order to balance the prevailing traditional methods of treatment.

6.4. The mid- to long-term impacts of the pandemic on the need for mental health services remain to be seen. There are some indications that mental health and well-being have improved in the first few months of 2022, yet signs of poor mental health remain high. The limited national data available shows higher symptoms of depression and anxiety among adults than before the pandemic⁽³⁰⁾.

Brussels, 13 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

⁽²⁹⁾ Wijker, Sillitti and Hewlett (2022), *The provision of community-based mental health care in Lithuania*, <https://doi.org/10.1787/18de24d5-en>.

⁽³⁰⁾ Sciensano, 2022; Santé publique France, 2022.

Opinion of the European Economic and Social Committee on ‘Measures to reduce child obesity’**(Exploratory opinion at the request of the Spanish Presidency)**

(2023/C 349/17)

Rapporteur: **Josep PUXEU ROCAMORA**Co-rapporteur: **Isabel CAÑO AGUILAR**

Referral	Letter from the Spanish Presidency of the Council, 8.12.2022
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Agriculture, Rural Development and the Environment
Adopted in section	1.6.2023
Adopted at plenary	13.7.2023
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Outcome of vote (for/against/abstentions)	197/0/0

1. Conclusions and recommendations

1.1. Health is a fundamental right. Moreover, for children, growing up happy and healthy, and being able to fulfil their full potential, is a right enshrined in the UN Convention on the Rights of the Child.

1.2. Childhood overweight and obesity continue to be among the biggest public health challenges currently facing EU countries, bringing together environmental, social and economic factors. Childhood obesity is associated with physical, mental and social health problems in childhood and adulthood.

1.3. The EESC highlights the need to reduce socioeconomic inequalities because they are directly linked to excess weight in children. In some cases, the percentage of children and adolescents with obesity doubles in lower-income households.

1.4. The EESC notes that Member States have different approaches on how to address childhood obesity (in relation to various aspects, such as communication, nutrition labelling, promotion of physical exercise and sustainable diets, and newer aspects such as healthy use of screens and promotion of mental and emotional health). It urges the European Commission and the European Parliament to play a more proactive role in this area and to make progress towards more standardisation and a more effective framework.

1.5. The EESC is concerned that most national restrictions on promoting and advertising food and non-alcoholic beverages to children are too weak and existing voluntary approaches are not enough to protect children and adolescents. It believes that the WHO's nutrient profile could be used as a basis for limiting advertising of products high in sugar, fat and salt. It considers it important to learn from good measures and practices from countries that demonstrate the effectiveness of various policies, including regulations, to limit children's exposure to audiovisual advertising for foods and drinks high in salt, sugars, fat, saturated fat or trans fatty acids. It is also essential to ensure that the rules surrounding children's broadcasting hours are always respected and that all publicity complies with the principle of accurate advertising. It should be borne in mind that the WHO advocates restricting all relevant forms of food advertising aimed at children.

1.6. Moreover, the EESC calls for the 2014–2020 EU Action Plan on Childhood Obesity to be renewed, taking into account the proposals set out in this opinion.

1.7. To meet these objectives, the EESC believes that the institutions should boost consumption of those foods considered a key part of a healthy and sustainable diet (fresh, seasonal and locally produced fruits and vegetables, pulses, whole grains and animal proteins such as fish). This can be achieved, for example, by highlighting policies that promote EU agricultural produce, by developing public tenders that promote healthy and sustainable diets and by making use of tax incentives (such as VAT rebates) to support the purchase and consumption of those foods. Moreover, with inflation and prices on the rise, both measures could enable many more families, especially the most disadvantaged, to have easier access to nutritious and high-quality food. The EESC also believes that the process of reformulating and improving the composition of food and beverages on the European market should continue.

1.8. The EESC calls for families to be provided with simple tools so that they have the knowledge to understand the many factors behind childhood obesity and its health impact in childhood and adulthood. Furthermore, the EESC believes that society as a whole should take steps to promote the healthy use of information and communication technologies (ICT) and take up existing recommendations in this regard. Excessive use of screens results in a sedentary lifestyle, greater exposure to advertising of foods and beverages high in sugars, fats and salt, and mental health risks for children and adolescents.

1.9. The EESC calls for the educational environment to be a driving force behind physical activity, healthy diets, and mental and emotional health. Educational institutions are an ideal place to promote healthy lifestyles and to tackle childhood obesity in positive ways, without creating social stigma or rejecting certain body stereotypes. To this end, the Committee believes that current curricula should be overhauled, increasing the time set aside for physical activity, as well as investment in food and gastronomic education. School canteens are key to promoting healthy nutritional habits among children and adolescents, and the EESC therefore considers it hugely important to ensure that they are available at all stages of education and that the diet provided is healthy, balanced and of high quality. It also believes that the roll-out of the EU's School Fruit, Vegetables and Milk Scheme could be stepped up, and lunch grants for disadvantaged children promoted.

1.10. The EESC urges the Member States to expand and improve public spaces and infrastructure so as to encourage and facilitate active mobility, especially in areas surrounding educational institutions or the routes leading up to them. It also believes that urban spaces with sports areas, playgrounds and green spaces should be created that are accessible, safe and welcoming for children and adolescents.

1.11. The EESC proposes using the digital environment to promote healthy lifestyles, relationships and behaviours. In this regard, the EESC once again calls for visual publicity campaigns inspired by positive social advertising aimed at children, in order to promote healthier foods and diets, an active lifestyle and healthy use of screens.

1.12. The EESC highlights the recommendations made in its *Evaluation of the EU school scheme*⁽¹⁾, and its opinions on healthy and sustainable diets and the Farm to Fork Strategy and asks the Commission to include measures to combat childhood obesity in the next framework on sustainable food systems; for example, measures related to labelling and public procurement.

1.13. Moreover, as stated in other opinions, the EESC firmly believes that democratic innovations such as food policy councils and the promotion of participatory approaches help to encourage quality and legitimacy in food policymaking. It advocates the establishment of an instrument at EU level such as a European Food Policy Council.

1.14. In short, the EESC is committed to an overarching approach to obesity, looking into the healthy transformation of lifestyles, but also all the social determinants. It recommends public strategies guaranteeing universal access to healthy food, physical activity and sport, good rest, and mental and emotional well-being, without any discrimination.

⁽¹⁾ EESC evaluation report: *Evaluation of the EU school scheme*.

2. Health at the heart of all policies

2.1. Health is a fundamental right ⁽²⁾ and a prerequisite for a functioning society and economy. Moreover, for children in particular, growing up happy and healthy, and being able to fulfil their full potential, is a right enshrined in the UN Convention on the Rights of the Child ⁽³⁾. The EESC supports the One Health concept promoted by the European Commission, as a comprehensive approach that strives to sustainably balance and optimise the health of humans.

2.2. It is vital to address childhood obesity in order to achieve the Sustainable Development Goals (SDGs), especially SDG 3 (ensure healthy lives and promote well-being for all at all ages), and improve the health of all Europeans in the future. Science informs us that preventing obesity at key stages of life, such as early years and adolescence, is likely to have the greatest health benefits, reduces the associated costs and is the most promising way of breaking the intergenerational cycle of obesity and dietary inequality.

2.3. The EESC therefore welcomes the request of the future Spanish Presidency for an exploratory EESC opinion on ways in which childhood obesity can be reduced. It chimes with the current trend among the EU institutions and governments to draw up and develop strategies to curb and prevent childhood obesity and overweight:

- (i) The EU Strategy on the Rights of the Child ⁽⁴⁾ recognises that healthy diets, together with physical activity, are key to children's full physical and mental development.
- (ii) Under the European Child Guarantee initiative, which is intended to help put the rights of children and adolescents at the heart of EU policymaking, childhood obesity is one of the aspects that national plans should include.
- (iii) The opinion also follows on from the Strategy for Europe on Nutrition, Overweight and Obesity-related Health Issues (2007), the 2017 White Paper on obesity and the EU Action Plan on Childhood Obesity 2014–2020 ⁽⁵⁾ — initiatives which, like this opinion, were aimed at halting the rise in overweight and obesity in children and adolescents (aged 0–18). In this regard, the EESC calls for the 2014–2020 EU Action Plan on Childhood Obesity to be renewed.

3. Childhood obesity in Europe: current state of play

3.1. According to the World Health Organization (WHO) ⁽⁶⁾, obesity is a complex, non-communicable disease involving many factors, is defined by excessive weight and is harmful to health. Obesity is also a risk factor in the development of other non-communicable diseases (NCDs), such as cardiovascular, metabolic and osteoarticular diseases and cancer ⁽⁷⁾, mental health disorders and reduced quality of life, which lowers life expectancy and increases the risk of premature death. These consequences ultimately have an impact by considerably increasing countries' health expenditure and other individual, social and economic expenses.

⁽²⁾ The right to health was first laid down in the Constitution of the World Health Organization (1946), which states that 'The enjoyment of the highest attainable standard of health is one of the fundamental rights of every human being ...'. The constitution's preamble defines health as 'a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity'. The 1948 Universal Declaration of Human Rights mentioned health as part of the right to an adequate standard of living (Article 25). It was again recognised as a human right in 1966 in Article 12 of the International Covenant on Economic, Social and Cultural Rights.

⁽³⁾ United Nations Convention on the Rights of the Child, 1989.

⁽⁴⁾ European Commission, 2021, EU strategy on the rights of the child. COM(2021) 142 Final: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021DC0142>.

⁽⁵⁾ https://health.ec.europa.eu/system/files/2016-11/childhoodobesity_actionplan_2014_2020_en_0.pdf.

⁽⁶⁾ *Draft recommendations for the prevention and management of obesity over the life course, including potential targets*, WHO Discussion Paper, 2021. Available at: https://cdn.who.int/media/docs/default-source/obesity/who-discussion-paper-on-obesity—final190821.pdf?sfvrsn=4cd6710a_24&download=true.

⁽⁷⁾ Weihrauch-Blüher, S., Wiegand, S., 'Risk Factors and Implications of Childhood Obesity', *Curr Obes Rep*, 2018 Dec; 7(4):254–59.

3.2. Childhood overweight and obesity continue to be among the biggest public health challenges currently facing EU countries. In the fifth round of the WHO Childhood Obesity Surveillance Initiative (COSI), conducted between 2018 and 2020⁽⁸⁾, 29 % of children aged 7–9 in the 33 participating countries were found to have excess weight⁽⁹⁾, and 12 % obesity. By gender, boys had slightly higher rates than girls (31 % compared to 28 % for overweight; and 14 % compared to 10 % for obesity).

3.3. The EESC believes that the COVID-19 pandemic might have exacerbated the problem of childhood obesity. There are growing signs that the pandemic worsened childhood obesity figures, especially for those in the most vulnerable situations⁽¹⁰⁾.

3.4. The EESC notes that Member States have different approaches on how to address childhood obesity (in relation to various aspects, such as communication, nutrition labelling, promotion of physical exercise and sustainable diets, and newer aspects such as healthy use of screens and promotion of mental and emotional health). It urges the European Commission and the European Parliament to play a more proactive role in this area and to make progress towards more standardisation and a more effective framework.

4. Determinants of childhood obesity

There is no single cause of obesity; rather, it results from the complex interaction of various factors⁽¹¹⁾. These include factors related to the individual (biological/genetic, physiological and lifestyle factors), environmental factors (the influence of the different environments in which the individual grows up: family, school, community), psychosocial factors (level of education and social class), and economic factors (household income level⁽¹²⁾).

4.1. Psychosocial factors and economic resources mirror social patterns, can make low-income families more vulnerable to harmful environmental exposure at all stages of life and have a cumulative effect throughout people's lifetimes.

4.2. There is sufficient proof and evidence to show that exposure to unhealthy nutritional and body weight factors before conception and during pregnancy plays an important role in how body composition develops in the early years of life and how susceptible people are to obesity.

4.3. Furthermore, **socioeconomic inequalities** in childhood, which have been exacerbated by the pandemic, rising inflation and the economic crisis, are directly related to excess weight in the child population. In some cases, the number of obese children is twice as high in low-income households, as they have different lifestyles to higher income households.

4.4. **Engaging in physical activity** throughout one's lifetime is a cornerstone of good health. It also plays an important role in preventing and treating childhood obesity and early metabolic risk factors⁽¹³⁾, and is a key component in the development of basic cognitive, motor and social skills. However, 81 % of children aged 11–17 are not physically active enough⁽¹⁴⁾. Before the pandemic, only one in seven 15-year-olds in the WHO European Region (14 %) reported doing at least one hour of moderate to vigorous physical activity every day⁽¹⁵⁾. Similarly, only 25 % of 15-year-old boys and 15 % of girls of the same age achieved the recommended levels of physical activity in 2014⁽¹⁶⁾.

⁽⁸⁾ Report on the fifth round of data collection, 2018–2020: WHO European Childhood Obesity Surveillance Initiative (COSI), Copenhagen, WHO Regional Office for Europe, 2022.

⁽⁹⁾ Excess weight = overweight + obesity.

⁽¹⁰⁾ WHO European Regional Obesity Report 2022 and <https://www.who.int/europe/news/item/11-05-2021-high-rates-of-childhood-obesity-alarming-given-anticipated-impact-of-covid-19-pandemic>.

⁽¹¹⁾ World Health Organization (2012), *Population-based approaches to childhood obesity prevention*, Geneva, WHO.

⁽¹²⁾ Kansra, A.R., Lakkunarajah, S., Jay, M.S., *Childhood and Adolescent Obesity: A Review*, 2021; 8:581461.

⁽¹³⁾ Whiting, S., et. al., 'Physical Activity, Screen Time, and Sleep Duration of Children Aged 6-9 Years in 25 Countries: An Analysis within the WHO European Childhood Obesity Surveillance Initiative (COSI) 2015-2017', *Obes Facts*, 2021; 14(1):32–44.

⁽¹⁴⁾ Guthold R., Stevens G.A., Riley L.M., Bull F.C., 'Global trends in insufficient physical activity among adolescents: a pooled analysis of 298 population-based surveys with 1·6 million participants', *Lancet Child Adolesc Heal*, 2020; 4(1):23–35.

⁽¹⁵⁾ OECD/European Union (2022), *Health at a Glance: Europe 2022: State of Health in the EU Cycle*, OECD Publishing, Paris.

⁽¹⁶⁾ *Adolescent obesity and related behaviours: trends and inequalities in the WHO European Region, 2002–2014*, Copenhagen, WHO Regional Office for Europe, 2017.

4.5. **Unbalanced diets**, where there is a high consumption of foods and beverages high in fat, sugars and salt, are associated with higher levels of obesity as well as with poorer health overall. On the other hand, habits that tend towards models such as the Mediterranean, Atlantic or Nordic diets, or simply towards diets with a predominance of fresh and plant-based food, are associated with better health outcomes⁽¹⁷⁾ ⁽¹⁸⁾. According to the latest round of the COSI study⁽¹⁹⁾, less than half (43 %) of 6–9-year-olds in the European Region consume fresh fruit every day, and 7 % never eat any fruit or consume it less than once a week. When it comes to vegetables, only one third (34 %) of children aged 6–9 eat them every day.

4.6. From an economic and social point of view, the EESC also notes that the **global rise in food commodity prices** is having an impact on consumer prices in the EU, affecting the purchasing and eating habits of European families, children and adolescents, especially the most vulnerable.

4.7. **Emotional well-being** and obesity are closely interlinked. On the one hand, this is because such well-being is key to preventing obesity in children and, on the other, because childhood obesity increases the chances of discrimination, stigmatisation and bullying at school, and thus influences children's emotional well-being.

4.8. **Excessive screen time** has been shown to be one of the determining factors in the emergence of overweight/obesity, with the two phenomena being correlated⁽²⁰⁾ ⁽²¹⁾. Although international bodies and public agencies recommend limiting screen time to a maximum of 120 minutes a day, European children and adolescents seem to exceed this⁽²²⁾.

5. Recommended action

5.1. To tackle childhood obesity, a whole-of-life approach must be taken and, at the same time, the multiple causes of it must be addressed. The EESC proposes a holistic and participatory approach. Reducing obesity and overweight figures in European children and adolescents requires collaboration and commitment from all stakeholders⁽²³⁾: public administrations, private/business sector, the media, educational and health institutions and families. Moreover, this comprehensive response must be based on a positive and non-stigmatising approach.

5.2. The EESC calls for the renewal of the 2014–2020 EU Action Plan on Childhood Obesity, which should aim to: promote adequate nutrition, encourage physical activity, foster healthy educational and social environments, guarantee healthcare, protect the most vulnerable groups, encourage and promote health-related social responsibility in business and advertising, and encourage the various public administrations to work in synergy. The Committee recommends implementing measures to make the environments in which children and adolescents live and grow up healthier in a comprehensive and cross-sectoral manner.

5.3. The EESC highlights the recommendations made in its *Evaluation of the EU school scheme*⁽²⁴⁾, and its opinions on healthy and sustainable diets and the Farm to Fork Strategy and asks the Commission to include measures to combat childhood obesity in the next framework on sustainable food systems; for example, measures related to labelling and public procurement.

⁽¹⁷⁾ Willett, W. et al., 'Food in the Anthropocene: the EAT-Lancet Commission on healthy diets from sustainable food systems', 2019, *The Lancet*, Vol. 393, pp. 447–492.

⁽¹⁸⁾ Afshin, Ashkan et al., 'Health effects of dietary risks in 195 countries, 1990–2017: a systematic analysis for the Global Burden of Disease Study 2017', *The Lancet*, Volume 393, Issue 10184, 1958–1972.

⁽¹⁹⁾ *Report on the fifth round of data collection, 2018–2020: WHO European Childhood Obesity Surveillance Initiative (COSI)*, Copenhagen, WHO Regional Office for Europe, 2022.

⁽²⁰⁾ Fang, K., Mu, M., Liu, K., He, Y., 'Screen time and childhood overweight/obesity: A systematic review and meta-analysis', *Child Care Health Dev*, 2019 Sep; 45(5):744–753.

⁽²¹⁾ Haghjoo, P., Siri, G., Soleimani, E., Farhangi, M.A., Alesaeidi, S., 'Screen time increases overweight and obesity risk among adolescents: a systematic review and dose-response meta-analysis', *BMC Primary Care*, 2022; 23(1):161.

⁽²²⁾ *Report on the fifth round of data collection, 2018–2020: WHO European Childhood Obesity Surveillance Initiative (COSI)*, Copenhagen, WHO Regional Office for Europe, 2022.

⁽²³⁾ Dobbs, R., Sawers, C., Thompson, F., Manyika, J., Woetzel, J.R., Child, P. et al., *Overcoming obesity: An initial economic analysis*, McKinsey Global Institute, 2014.

⁽²⁴⁾ EESC evaluation report: *Evaluation of the EU school scheme*.

5.4. Moreover, the EESC reiterates the importance of strengthening food democracy and, as stated in other opinions, firmly believes that democratic innovations such as food policy councils and the promotion of participatory approaches help to encourage quality and legitimacy in food policymaking. It advocates the establishment of an instrument at EU level such as a European Food Policy Council.

5.5. Macro-social environment

5.5.1. In this area, the EESC calls for all stakeholder actions to be aligned to create a social ecosystem that promotes cultural change helping to alleviate inequalities and makes lifestyles healthier.

5.5.2. The EESC once again calls for measures to enhance the capacity of public systems to prevent and address particularly vulnerable situations that stop people from adopting healthy lifestyles.

5.5.3. The EESC underlines the need to push ahead with social measures that facilitate work-life balance and shared family responsibility and that enable families to access and spend more time on healthy activities.

5.5.4. The EESC recommends promoting public strategies that guarantee access to sports facilities without any discrimination, and making it easier to exercise properly. The EESC recommends closing the gender and social gap in the practice of physical activity and exercise, ensuring inclusive spaces and promoting diversity of supply.

5.5.5. The EESC believes that public administrations should place greater emphasis on combating obesity when developing, implementing and monitoring regulations and policies in all policy areas, taking into account the key factors behind overweight and obesity.

5.5.6. The EESC is concerned that most national restrictions on promoting and advertising food and non-alcoholic beverages to children are too weak and existing voluntary approaches are not enough to protect children and adolescents. It believes that the WHO's nutrient profile could be used as a basis for limiting advertising of products high in sugar, fat and salt. It considers it important to learn from good measures and practices from countries that demonstrate the effectiveness of various policies, including regulations, to limit children's exposure to audiovisual advertising for foods and drinks high in salt, sugars, fat, saturated fat or trans fatty acids. It is also essential to ensure that the rules surrounding children's broadcasting hours are always respected and that all publicity complies with the principle of accurate advertising. It should be borne in mind that the WHO advocates restricting all relevant forms of food advertising aimed at children.

5.5.7. The EESC believes that the institutions should boost consumption of those foods considered a key part of a healthy and sustainable diet (fresh, seasonal and locally produced fruits and vegetables, pulses, whole grains and animal proteins such as fish). This can be achieved, for example, by highlighting policies that promote EU agricultural produce, by developing public tenders that promote healthy and sustainable diets and by making use of tax incentives (such as VAT rebates) to support the purchase and consumption of those foods.

5.5.8. The EESC also urges the Member States and food business operators to encourage improvements in the composition of products as a means of promoting healthier diets. If there is no voluntary reduction in certain critical nutrients, governments should consider additional incentives and measures, including progressive tax measures depending on the content of the nutrient in question.

5.5.9. The EESC believes that public administrations, within their respective competences, should ensure the availability of free drinking water through properly indicated water sources in public spaces, educational establishments, places of relaxation and leisure, and sports and recreational areas.

5.5.10. The EESC believes that research into the factors behind overweight and obesity, as well as the generation and dissemination of knowledge on it, should be promoted as a strategic element of coordinated action on health.

5.5.11. On the demand side, the EESC once again emphasises that public policies must empower consumers to choose healthier diets, through training and information based on simple and direct awareness-raising campaigns or the dissemination of educational dietary guidelines.

5.5.12. The EESC advocates a whole-of-society approach and therefore encourages the establishment of an instrument such as a European Food Policy Council, as suggested in several EESC opinions, and calls for this body to address childhood obesity.

5.6. Family environment

5.6.1. Aware that the family is a facilitator of knowledge and habits, as well as the first model through which daily reality is perceived and the first patterns of behaviour are developed ⁽²⁵⁾, the EESC calls for the public to be provided with accurate and useful information on the importance of reducing digital sedentary behaviour, encouraging healthy sleep routines, highlighting the nutritional needs for each age and promoting physical activity.

5.6.2. In particular, the EESC believes that programmes and actions should be put in place to increase skills and knowledge on managing excess weight among children, to avoid stigmatisation and to prevent negative dynamics surrounding the body. In the same way, it is vital to educate families on the healthy use of ICT ⁽²⁶⁾, especially in terms of screen time and content.

5.6.3. Similarly, it is important to encourage measures such as promoting breastfeeding, developing guidelines on complementary diets for breast-fed infants, improving parenting skills, and organising and making widely available classes on healthy and accessible cooking, especially for low-income families.

5.7. The educational environment

5.7.1. The educational environment is a place where children spend much of their time, not only in the purely educational context, but also in their leisure or after-school time.

5.7.2. In this regard, it is essential that the issue of childhood obesity be approached in a positive way in the educational environment, without creating social stigma or rejecting the image that certain body stereotypes may represent. For the EESC, it is vital to promote a positive perception of the body, paying particular attention to any discriminatory conduct or any behaviour that might signal the onset of an eating disorder.

5.7.3. The EESC also calls for the educational environment to be a promoter of physical activity and healthy diets. To this end, it considers one key measure to be the transformation of the current curricula, with a need for more time to be spent on physical activity, a wide range of sporting activities, and investment in nutrition, food and gastronomic education.

5.7.4. The EESC believes that school canteens are key to promoting healthy nutritional habits among children and adolescents, and the EESC therefore considers it hugely important to ensure that they are available at all stages of education and that the diet provided is healthy, balanced and of high quality.

5.8. Leisure spaces. Designing healthy urban environments

5.8.1. For the EESC, the design and use of the physical environment (including schools, transport systems, neighbourhoods and sports centres) should provide adequate and safe opportunities for recreation and active play, as well as for physical exercise ⁽²⁷⁾.

⁽²⁵⁾ Hebestreit, A., Intemann, T., Siani, A., et al., 'Dietary Patterns of European Children and Their Parents in Association with Family Food Environment: Results from the I.Family Study', *Nutrients*, 2017; 9(2):126.

⁽²⁶⁾ Information and communication technologies.

⁽²⁷⁾ Tackling obesity by creating healthy residential environments, WHO, 2007.

5.8.2. In view of the above, the EESC urges the Member States to expand and improve public spaces and infrastructure so as to encourage and facilitate active mobility, with more pedestrian areas and making bicycles easier to use, especially in areas surrounding educational institutions and the routes leading up to them. It also believes that urban spaces with sports areas, playgrounds and green spaces should be created that are accessible, safe and welcoming for children and adolescents.

5.8.3. The EESC believes that green areas, parks and recreational areas for physical activity should be extended and the use of stairs promoted as an alternative to lifts or escalators in leisure spaces, while also facilitating free access to drinking water.

5.9. Digital and audiovisual environment

5.9.1. The EESC stresses the importance of properly transposing the EU Audiovisual Media Services Directive and proposes making use of the digital environment, moving from radio and television broadcasts to newer forms of media such as social networks, Instagram and TikTok as facilitators of lifestyles, relationships and healthy behaviour. In this regard, the EESC once again calls, as it has done on previous occasions ⁽²⁸⁾, for visual publicity campaigns inspired by advertising for healthy food and diets, an active lifestyle and healthy use of screens.

5.10. Health environment

5.10.1. For the EESC, it is essential for health administrations to maintain up-to-date recommendations based on scientific evidence covering activities and interventions that have proven effective in preventing, tackling and monitoring overweight and obesity.

5.10.2. What is more, as part of universal health coverage, people who are overweight and obese or at risk of being so should have equal access to comprehensive health services, and to systematic and tailor-made advice by health personnel in order to promote physical activity and balanced diets. In this regard, children's health status should be monitored from birth to adolescence, including checking for overweight and obesity, promoting health education, and raising awareness of healthy lifestyles among children and adolescents and their families.

5.10.3. It is vital to provide socioeconomically vulnerable families with specific support from health professionals that is culturally appropriate, practical and empowering, and that promotes positive parenting in terms of obesity and overweight and the associated lifestyles.

5.10.4. Furthermore, drawing on existing literature, the EESC considers it necessary to actively engage with women and couples considering having a child and to provide timely and culturally sensitive support to promote healthy lifestyles during pregnancy and while breastfeeding — coupled with public messaging to promote better nutrition and physical activity before conception — and to coordinate facilities and support for breastfeeding.

Brussels, 13 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

⁽²⁸⁾ Opinion of the European Economic and Social Committee on 'Promoting healthy and sustainable diets in the EU' (own-initiative opinion) (OJ C 190, 5.6.2019, p. 9).

III

(Preparatory acts)

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

580TH PLENARY SESSION OF THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE,
12.7.2023–13.7.2023**Opinion of the European Economic and Social Committee on ‘Proposal for a Regulation of the European Parliament and of the Council on measures to reduce the cost of deploying gigabit electronic communications networks and repealing Directive 2014/61/EU (Gigabit Infrastructure Act)’****(COM(2023) 94 final — 2023/0046 (COD))**

(2023/C 349/18)

Rapporteur: **Maurizio MENSI**

Referral	Council of the European Union, 3.4.2023 European Parliament, 29.3.2023
Legal basis	Article 114 and 304 of the Treaty on the Functioning of the European Union
Section responsible	Transport, Energy, Infrastructure and the Information Society
Adopted in section	26.6.2023
Adopted at plenary	12.7.2023
Plenary session No	580
Outcome of vote (for/against/abstentions)	173/1/1

1. Conclusions and recommendations

1.1. The EESC welcomes the Commission’s proposal for a regulation (the ‘GIA — Gigabit Infrastructure Act’) and endorses its objectives and content.

1.2. In order to achieve the objectives set out in the GIA, the EESC underlines the importance of fast, effective and simplified procedures, together with appropriate terms, conditions and prices, which can be applied everywhere in a consistent manner, throughout the EU. In this regard, specific Commission guidelines would be particularly useful.

1.3. The EESC recognises that the sharing of existing infrastructure is crucial to achieving the goals of the EU Digital Decade 2030, and also emphasises the importance of ensuring the security and robustness of networks and their protection. Reaching the EU’s connectivity targets requires a comprehensive strategy that combines the latest technologies with resilient, autonomous, and secure supply chains. To this end, the GIA should encourage network providers to choose technology components that guarantee a high level of digital security, reduce the risk of network interruptions and adequately address this eventuality.

1.4. The EESC considers it important that Member States have the option of maintaining or introducing EU law-compliant measures that go beyond the minimum requirements set by the GIA, as expressly stated in Recital 11 of the GIA.

1.5. The EESC believes that the deployment of very high-capacity networks (VHCN) and gigabit connectivity is crucial for development and socioeconomic cohesion, as it is an essential factor for the equal economic development of SMEs and professional services, of digital workplaces and of the provision of electronic services in remote areas.

1.6. The EESC believes that the single information points (SIPs) on minimal information on physical infrastructure, which owners of public infrastructure have to provide, should be integrated and linked to other databases which are already available at national level, so as to avoid duplication and save costs.

1.7. The EESC believes that streamlining and digitising the licensing process is an important element in the deployment of ECNs; however, making it compulsory to provide for a silence-consent for the rights of way may not be in line with the principle of proportionality and may be detrimental to the right to property, as set out in Articles 17 and 47 of the Charter of Fundamental Rights of the European Union.

1.8. The EESC believes that building the infrastructure quickly, coordinating the civil works, creating synergies between the various network operators and jointly using the existing physical infrastructure helps to save investment by reducing the environmental burden by avoiding further engineering works and thus helping to achieve environmental objectives.

1.9. The EESC considers that the proposal should specify verifiable measures and actions that will ensure balanced development and equal access to VHCN, to avoid widening the gap between countries and regions with different development speeds and capacities, in line with the Declaration on Digital Rights and Principles, and everyone in the EU would be ensured access to high-quality connectivity, with available internet access, including those with low income.

2. Background

2.1. Deploying very-high capacity networks, including fibre and 5G, is a strategic priority at EU level, as part of efforts to achieve the EU's strategic objectives and digital targets by 2030. Access to VHCN is essential for a wide range of innovative applications, which have the potential to transform and help future-proof many sectors of the EU economy such as commerce, automotive, manufacturing, healthcare, transport, agriculture and utilities.

2.2. Among the initiatives launched to remove obstacles and boost the deployment of VHCN, the European Commission introduced the Broadband Cost Reduction Directive ('BCRD')⁽¹⁾ in 2014 to facilitate and incentivise network roll-out by lowering deployment costs through harmonised measures at EU level. However, 8 years after its entry into force, the BCRD is still far from attaining its objectives. The need to revisit the BCRD is well reflected in the Commission's 2018 report on its implementation as well as in contributions from key stakeholders to the public consultation on the BCRD, launched by the Commission in December 2020. It emerged from this consultation that only 20 % of respondents considered the BCRD effective in facilitating the roll-out of high-speed electronic communications networks at a lower cost, and only 11 % considered that it reduced the time involved in and cost of permit-granting.

2.3. The BCRD has only partly achieved its objectives to increase broadband coverage. In fact, although the percentage of households covered by a 30 Mbps internet speed has increased from 58,1 % in 2013 to 90 % in 2022 according to the Digital Economy and Society Index (DESI), the directive has been implemented unevenly across different Member States, with sometimes diverging interpretations.

⁽¹⁾ Directive 2014/61/EU of the European Parliament and of the Council of 15 May 2014 on measures to reduce the cost of deploying high-speed electronic communications networks (OJ L 155/1, 23.5.2014, p. 1).

2.4. Aware of the need to improve the BCRD's effectiveness, the Commission initiated a revision process and proposed a regulation (the GIA). The GIA aims to address the shortcomings of the BCRD and contribute to the cost-efficient and timely deployment of the VHCNs needed to ensure that the EU meets its objectives and digital targets by 2030.

2.5. The proposal is based on the Connectivity Toolbox recommendation adopted in September 2020 to respond to the growing connectivity needs triggered by the COVID-19 pandemic, with the aim of reducing the roll-out costs of gigabit networks and ensuring the fast deployment of radio spectrum for 5G. To this end, in March 2021, the Member States identified 39 best practices (22 of which concerned reducing roll-out costs) to be included in the Connectivity Toolbox.

2.6. According to the European Commission, the GIA was designed to improve connectivity in the EU, encourage innovation, and incentivise investments. It will help accelerate the deployment of the physical infrastructure used for gigabit networks by strengthening the coordination of civil works between network operators, which represents up to 70 % of network roll-out costs. It also aims to streamline the administrative procedures for the roll-out of new networks by improving access to physical infrastructure and transparency on planned civil works, as well as by ensuring clearer conditions for access to physical infrastructure (including in-building infrastructure), by speeding-up and digitalising the procedures for granting permits, the requests for which are to receive a response within 15 days and are to be deemed tacitly approved within 4 months from receipt.

3. General comments

3.1. The EESC welcomes the Commission's objective to adapt the BCRD to recent and current technological, market and regulatory developments and to foster a more efficient and rapid deployment of more sustainable networks, ensuring alignment with the European Electronic Communications Code (EECC)⁽²⁾ and contributing to greening the information and communications technology sector as part of the European Green Deal.

3.2. The EESC appreciates the decision to use a regulation as the legal instrument, rather than a directive, due to the risks of delays and inconsistencies in national transposition processes with the latter. A regulation ensures uniformity and limits fragmentation of national laws, which is crucial for achieving the Commission's ambitious connectivity targets by 2030. A directive would probably not be applicable until after the deadline, and thus fail to meet the Commission's objective of creating a favourable legal framework quickly. A delay in of the simplification of the roll-out authorisation process could also jeopardise development of the digital single market. The latest developments in the digital sector have the potential to take internal market integration to a new level with the emergence of players operating across borders, which will stimulate investments.

3.3. The low and inconsistent use of the BCRD, as well as its lack of guidance, have led to fragmented national laws and regulatory uncertainty. This in turn created barriers to invest and operate across borders, and raised obstacles for companies seeking to reach economies of scale at EU level and thus reap the benefits of the EU single market. As a consequence, there is a need for greater harmonisation, in order to promote the development of cross-border activities in this sector and avoid a two-speed Europe.

3.4. Essentially, the measures in the proposal aim to: improve coordination across sectors; simplify and speed up procedures for granting permits; make the procedure for accessing information on existing infrastructure and planned civil works, as well as for submitting permit requests, fully digital; simplify the reuse of public infrastructure and deployment of network infrastructure for operators; prepare for innovation so that all new buildings and buildings that undergo major renovation are equipped with fibre and fibre-ready infrastructure; and contribute to sustainability by reducing the environmental impact of electronic communications networks through promoting infrastructure-sharing and the deployment of more efficient technologies, the reuse of existing infrastructure and better coordination of civil works.

3.5. Operators will be able to submit permit requests and access all the information needed about existing infrastructure and planned civil works digitally. The EU believes that this will enable operators to deploy networks at lower costs; according to the impact assessment, this involves a saving of EUR 4,5 billion, with a reduction in public subsidies of EUR 2,4 billion.

⁽²⁾ Directive (EU) 2018/1972 of the European Parliament and of the Council of 11 December 2018 establishing the European Electronic Communications Code (OJ L 321/36, 17.12.2018, p. 36).

3.6. The definitions within the proposal have also been widened compared to the BCRD. The proposal applies to access-granting network operators to include also providers of associated facilities such as ducts, masts and poles and physical infrastructure to include infrastructure owned by public institutions such as local authorities, and include buildings and entrances to buildings, and any other asset, including street furniture such as lamp posts, street signs, traffic lights, billboards, bus and tram stops and metro stations.

3.7. The proposal introduces new measures to increase the transparency of existing physical infrastructure. For example, it requires owners of public infrastructure to make minimum information on physical infrastructure available through so-called single information points (SIPs). Moreover, it sets out more stringent rules on the coordination of planned civil works, as already provided for by the BCRD, but considerably expanded in terms of scope and application here. For example, the information on civil works required under the proposal must be made available in digital format by the network provider via a SIP at least 3 months before the first permit request. In this respect, as databases containing this information are already available in many EU countries, the EESC believes that the SIP should be integrated and linked to other databases, so as to avoid duplication and save costs.

3.8. The proposal also includes measures concerning permit procedures, which must be standardised at national level and made fully accessible through the introduction of tacit approval, which is deemed to have occurred 4 months after submitting a request. In addition, a 'fibre-ready' label is provided for in order to verify whether or not a building meets the requirements for the easy installation of a very-high capacity network (VHCN) such as fibre, which is to be a condition for issuing building permits for new buildings. Nevertheless, the EESC stresses that it would be important to bring VHCN to those buildings, in order to exploit their full potential and make the best use of the investments made.

3.9. The EESC considers it important that Member States have the option of maintaining or introducing EU law-compliant measures that go beyond the minimum requirements set by the GIA, as expressly stated in Recital 11, which rightly states that this regulation does not prevent the adoption of national measures in accordance with EU law aimed at promoting the joint use of existing physical infrastructure or enabling the more efficient deployment of new physical infrastructure, complementing the rights and obligations under the GIA.

4. Specific comments

4.1. The proposal is in line with the European Electronic Communications Code that entered into force in December 2020, which has updated the EU's regulatory framework on electronic communications, and contributes to the pursuit of its targets as regards incentivising investments in advanced connectivity networks. While the Code mainly focuses on improving competition, contains requirements for businesses with significant market power and concerns not only physical infrastructure but also electronic communications networks such as fibre cables, the main purpose of the GIA is to remove the barriers to network roll-out, considering current technological, market and regulatory developments.

4.2. In order to achieve the objectives set out in the GIA, the EESC welcomes the text alignment with the definitions of the Code and underlines that the availability of fast, effective and simplified procedures would be fundamental, together with appropriate terms, conditions and prices that can be applied everywhere in a consistent manner throughout the EU. The EESC considers that in this regard Commission guidelines would be particularly useful.

4.3. In line with the goal set by the EU Digital Decade 2030, which states that, by 2030, all European households should be covered by gigabit and fast mobile networks, and unlike the BCRD the proposal for a regulation promotes the roll-out of VHCN with access obligations for owners of physical infrastructure, regardless of their market position. The EESC supports the extension of the scope, which enables all entities providing infrastructure to benefit from the speedy permit procedures resulting from the GIA. However, it emphasises the importance of ensuring that the regulatory framework is comprehensive enough to cater to the diverse needs of all stakeholders involved in the deployment of VHCNs across the EU.

4.4. The EESC recognises that the sharing of existing infrastructure is crucial to achieving the goals of the EU Digital Decade 2030, and also emphasises the importance of ensuring the security and robustness of networks and their protection. Achieving the EU's connectivity targets requires a comprehensive strategy that combines the latest technologies with a resilient, autonomous, and secure supply chains. This is to prevent service interruptions resulting from failures or cyber attacks. To this end, the GIA should encourage network providers to choose technology components that guarantee a high level of digital security, reduce the risk of network interruptions and adequately address this eventuality. The

robustness, resilience and cybersecurity of the network is crucial for the effectiveness of the objectives pursued by the GIA, in line with the ongoing EU regulatory framework and relevant aspects, also in the perspective of any future EU actions on the subject, to be included in the Commission's new mandate from 2024.

4.5. The EESC emphasises that, together with fast, effective and simplified procedures, appropriate terms, conditions and prices are important elements of access to infrastructure. In this regard, since it is necessary to ensure efficiency in the system, for example by avoiding excessively high prices that would have the effect of discouraging the deployment of VHCN, the EESC believes that the Commission should adopt specific guidelines.

4.6. The EESC believes that streamlining and digitising the licensing process is an important element in the deployment of ECNs. However, the EESC considers that making it compulsory to provide for a silence-consent for the rights of way may not be in line with the principle of proportionality and may be detrimental to the right to property, as set out in Articles 17 and 47 of the Charter of Fundamental Rights of the European Union.

4.7. The EESC believes that building the infrastructure quickly, coordinating the civil works, creating synergies between the various network operators and jointly using the existing physical infrastructure helps to save investment by reducing the environmental burden by avoiding further engineering works and thus helping to achieve environmental objectives.

4.8. The EESC believes that the deployment of high-speed networks is crucial for development and socioeconomic cohesion. In this regard, it considers that the proposal should specify verifiable measures and actions that will ensure balanced development and equal access to VHCN, to avoid widening the gap between countries and regions with different development speeds and capacities, in line with the Declaration on Digital Rights and Principles ⁽³⁾, according to which all market players benefiting from the digital transformation should assume their social responsibilities and make a fair and proportionate contribution to the costs of public goods, services and infrastructure and everyone in the EU would be ensured access to high-quality connectivity, with available internet access, including those with low income ⁽⁴⁾.

Brussels, 12 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

⁽³⁾ European Declaration on Digital Rights and Principles for the Digital Decade (OJ C 23, 23.01.2023, p. 1).

⁽⁴⁾ Chapter II, point 3 on 'Connectivity', European Declaration on Digital Rights and Principles for the Digital Decade.

Opinion of the European Economic and Social Committee on Proposal for a Regulation of the European Parliament and of the Council on detergents and surfactants, amending Regulation (EU) 2019/1020 and repealing Regulation (EC) No 648/2004

(COM(2023) 217 final — 2023/0124 (COD))

(2023/C 349/19)

Rapporteur: **Violeta JELIĆ**

Referral	European Parliament, 1.6.2023 Council, 7.6.2023
Legal basis	Article 114 of the Treaty on the Functioning of the European Union
Section responsible	Single Market, Production and Consumption
Adopted in section	29.6.2023
Adopted at plenary	12.7.2023
Plenary session No	580
Outcome of vote (for/against/abstentions)	193/1/2

1. Conclusions and recommendations

1.1. The European Economic and Social Committee (EESC) welcomes the updating and simplification of Regulation (EC) No 648/2004 ⁽¹⁾ on detergents, the removal of redundant or obsolete elements and the maintaining of those that work well. The EESC considers however that the opportunities for streamlining are offset or exceeded by an increased administrative burden arising from other aspects of the revision proposal.

1.2. The EESC emphasises the importance of ensuring coherence and consistency between the revision of the Detergents Regulation and other legislative and technical developments, such as those connected with the CLP Regulation ((EC) No 1272/2008) ⁽²⁾ and Ecodesign for Sustainable Products.

1.3. The EESC is fully committed to ensuring the safety of consumers and professional users, but considers the new requirements on detergents containing micro-organisms to be unduly conservative, inflexible and containing contradictions. The EESC recommends that these rules be adapted to be more consistent, both internally and with other policies, and to support rather than prevent innovation in this emerging product category.

1.4. The EESC welcomes the level playing field established for market surveillance of EU-manufactured and imported detergents and surfactants. The EESC however finds the obligation to create and notify a product passport for every batch of a detergent/surfactant to be excessively onerous, and recommends establishing a more appropriate trigger for updating of the product passport.

1.5. The EESC requests further clarification on the added value of the product passport and CE marking for market surveillance, as such information was not included in the Commission's impact assessment. The EESC notes that fraudulent CE marking can jeopardise the safety of consumers and users and undermine the level playing field for compliant economic operators.

⁽¹⁾ Regulation (EC) No 648/2004 of the European Parliament and of the Council of 31 March 2004 on detergents (OJ L 104, 8.4.2004, p. 1).

⁽²⁾ Regulation (EC) No 1272/2008 of the European Parliament and of the Council of 16 December 2008 on classification, labelling and packaging of substances and mixtures, amending and repealing Directives 67/548/EEC and 1999/45/EC, and amending Regulation (EC) No 1907/2006 (OJ L 353, 31.12.2008, p. 1).

1.6. The EESC stresses the importance of specific and technical requirements being in place in good time to permit implementation, and so recommends that transitional periods commence only after adoption of the relevant additional legislation.

1.7. The EESC supports improving the clarity and readability of product labels by removing overlaps between legislations, simplifying label content and making effective use of digital labelling. The EESC recommends that the same possibilities for digitalisation of labelling be applied for pre-packaged products as for refill sales, and that detergents may be labelled more clearly using pictograms/icons in place of text.

2. Background to the opinion

2.1. The proposal updates the existing rules on detergents with reference to the objectives of the European Green Deal, the Chemicals Strategy for Sustainability and the recently adopted Commission Communication on the long-term competitiveness of the EU. The proposal aims at simplifying market rules by abolishing requirements that are considered unnecessary or redundant, introducing voluntary digital labelling by making a distinction between pre-packaged products and products sold in a refill format, facilitating the sales of innovative safe products by introducing safety requirements for micro-organisms, and strengthening enforcement by introducing a product passport.

2.2. The general provisions of the proposal include definitions for 'detergents', 'surfactants' and other concepts referenced in the text of the proposed regulation, some of which have been updated and clarified.

2.3. The proposal sets out product requirements for detergents and surfactants, with respect to free movement, biodegradability, the use of micro-organisms in detergents and limitations on the content of phosphates and other phosphorus compounds. The last three of these are further elaborated in the annexes to the proposed regulation.

2.4. Annex I contains ultimate biodegradability criteria and test methods for surfactants, as such and contained in detergents. These are in essence unchanged from the provisions in Regulation (EC) No 648/2004, as these criteria and test methods remain fit for purpose and state of the art. The obsolete primary biodegradability criteria have been removed, as has the derogation procedure for surfactants not meeting the ultimate biodegradability criteria: this was used only once, with an entry in the former Annex V which expired in 2019, so is deemed no longer necessary.

2.5. Annex II of the proposal introduces requirements for detergents containing microorganisms, with a view to establishing harmonised rules governing the safety of such products and relevant test methods to demonstrate compliance with those rules. The requirements prescribe the (strains of) micro-organisms which may be used, based on their formal identification and also a requirement that they belong both to Risk Group I as defined by Directive 2000/54/EC⁽³⁾ (biological agents at work) and the Qualified Presumption of Safety (QPS) list from the European Food Safety Authority (EFSA). The Annex also prohibits the use of specific pathogenic organisms or genetically modified micro-organisms, claims of antimicrobial or disinfecting effect unless the detergents complies with the Biocidal Products Regulation No (EU) 528/2012⁽⁴⁾, and the placing on the market in refill format of detergents containing micro-organisms. The Annex furthermore establishes mandatory testing requirements for detergents containing micro-organisms, including third-party testing to support any claims made about the action of the micro-organisms and an *in vivo* acute inhalation toxicity test (Test B.2 under Regulation (EC) No 440/2008⁽⁵⁾, i.e. OECD TG 403).

2.6. The proposal maintains unchanged the detailed limitations on the content of phosphates and other phosphorus compounds from Regulation (EC) No 648/2004.

⁽³⁾ Directive 2000/54/EC of the European Parliament and of the Council of 18 September 2000 on the protection of workers from risks related to exposure to biological agents at work (seventh individual directive within the meaning of Article 16(1) of Directive 89/391/EEC) (OJ L 262, 17.10.2000, p. 21).

⁽⁴⁾ Regulation (EU) No 528/2012 of the European Parliament and of the Council of 22 May 2012 concerning the making available on the market and use of biocidal products (OJ L 167, 27.6.2012, p. 1).

⁽⁵⁾ Council Regulation (EC) No 440/2008 of 30 May 2008 laying down test methods pursuant to Regulation (EC) No 1907/2006 of the European Parliament and of the Council on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) (OJ L 142, 31.5.2008, p. 1).

2.7. The proposal describes the obligations of economic operators, namely manufacturers, importers, distributors and the newly-introduced role of authorised representative. The former obligation for the manufacturer to be established in the Union is removed, but manufacturers outside the Union are required to designate an authorised representative by written mandate to perform certain tasks (whereas this is merely optional for manufacturers established within the Union).

2.8. The proposal introduces a new conformity assessment procedure to be carried out by manufacturers of detergents or surfactants, which is based on Module A of Decision No 768/2008/EC (Internal production control). The procedure involves a self-declaration of conformity and requires that technical documentation be established containing a description of the detergent and its use, reports of tests carried out to demonstrate compliance and an ingredient data sheet.

2.9. Requirements are set out on CE marking and labelling of detergents and surfactants, including rules for the implementation of digital labelling where the economic operator chooses to use this. Labelling requirements are described in more detail in Annex V, with specifications for the labelling of contents, dosage information that may be omitted from the physical label when provided in a digital label and a simplified dosage grid for consumer laundry detergents. The proposal also introduces the concept of a data carrier, used to access the digital label, which must be present on the detergent or surfactant, its packaging or accompanying documentation.

2.10. The proposal sets out the requirements for, and the content of, a product passport, introduced as a means to facilitate declaration of conformity (via a central registry) and market surveillance for detergents or surfactants placed on the market. The product passport is to be accessed via the same data carrier on the product as mentioned above, and is intended to be interoperable with any product passport introduced, for example, under legislation on Ecodesign for Sustainable Products. The Commission is required to adopt an implementing act prescribing the technical requirements for the product passport and data carrier.

2.11. The Commission is empowered to adopt future delegated acts to adapt the requirements described in the preceding chapters in light of technical, scientific and market developments.

2.12. The transitional and final provisions include a specific review clause in Article 32 on the requirements relating to detergents containing micro-organisms, requiring the Commission to assess the relevance and effectiveness of these rules no more than three years after entry into force of the regulation.

3. General and specific comments

3.1. The European Economic and Social Committee considers that Regulation (EC) No 648/2004 on detergents (hereinafter referred to as the Detergents Regulation) is relevant in its aims, functions well and has achieved its aims to a large extent.

3.2. The EESC agrees with the Commission's aim to update the Detergents Regulation to reflect technological, commercial and policy developments that have occurred since the regulation was adopted in 2004, and supports its objective of simplifying the requirements for economic operators — in particular SMEs — and to remove overlaps and duplication with other pieces of EU legislation. The EESC welcomes the simplifications introduced in the proposal, but finds that the extent of reduction in administrative burden is more modest than that implied by the Commission, and in practice the burden is significantly increased in other areas⁽⁶⁾.

3.3. The revision of the Detergents Regulation is taking place in parallel with several other proposals for revised or new legislation also affecting detergents, including the CLP Regulation ((EC) No 1272/2008) and the new regulation on Ecodesign for Sustainable Products (ESPR). The EESC emphasises the importance of ensuring full coherence and consistency between these different pieces of legislation and avoiding divergences and overlaps in their provisions.

⁽⁶⁾ For further information on the administrative burden for the detergents industry, refer to the AISE factsheet on the Cumulative Cost Assessment.

3.4. The EESC supports the simplified definition of a 'detergent' included in the Commission's proposal, which will be more readily understood and applied by economic operators and public authorities alike. The removal of the reference to specific categories of ingredients (soaps and/or surfactants) in the definition of a detergent renders the definition more inclusive and improves clarity of the scope for future innovation in the product category.

3.5. The EESC welcomes the maintenance of the biodegradability requirements for surfactants and the removal of the derogation procedure, which is no longer used. This helps to streamline and improve the clarity of the provisions for economic operators and authorities.

3.6. The EESC finds the proposed requirements for detergents containing micro-organisms to be unduly prescriptive and not well suited to detergents. The testing requirements specified in Annex II are considered excessively onerous, particularly for SMEs. For micro-organisms used in spray format detergents there is a requirement to pass a vertebrate animal test for acute inhalation toxicity, which would entail the sacrifice of typically 30 animals per test. This undermines the commitment made in Directive 2010/63/EU ⁽⁷⁾ on the protection of animals used for scientific purposes, and is not necessary as alternative methods exist for determination of safety (e.g. read-across from historical data, *in vitro* tests with human cell lines or weight of evidence, particularly taking into account the mandatory Risk Group 1/QPS status).

3.7. The EESC considers it inappropriate to require that micro-organisms used in detergents must be on the EFSA QPS list. This is not even a mandatory requirement for a micro-organism to be used in the food and feed industry, but rather just a starting point for further evaluation by EFSA. Micro-organisms that are not on the QPS list can still be assessed for safety and used in food or feed, but for detergents no such possibility would exist until a formal review/revision of the requirements was subsequently carried out by the Commission. It is not considered proportionate to have more restrictive rules for detergents than for food, which is ingested directly. On the other hand, if the QPS listing was obligatory then the EESC would find it unjustified to require detergents containing micro-organisms to be labelled with a warning that the product is not to be used on surfaces in contact with food.

3.8. Limiting the micro-organisms that may be used in the manner described in the new Annex II risks hampering or blocking innovation, and ignores both the fact that detergents containing micro-organisms are already covered by the Detergents Regulation and other legislation, such as the General Product Safety Directive, and the framework developed by industry to allow for appropriate risk management of microbial ingredients. The proposal exempts detergents placed on the market for research and development purposes from the conditions prescribed in Annex II point 1, but the only mechanism available to allow commercial use of new (strains of) micro-organisms is via the review clause in Article 32 and/or delegated acts. The EESC recommends adoption of a less restrictive process in order to enable and foster innovation in this growing product segment.

3.9. The EESC supports the Commission in maintaining the existing limitations on content of phosphates and other phosphorus compounds, which have proved successful in decreasing the use of phosphorus since 2014 and limiting its use only to applications where it is critical or where a restriction would lead to even greater negative impacts on the environment, safety and/or cleaning performance ⁽⁸⁾.

3.10. The EESC finds that further clarity is needed on the roles and obligations of economic operators identified in the proposal, in particular the authorised representative as described in Article 8. In the case where it is obligatory for a manufacturer established outside the Union to appoint such an authorised representative, it is not clear whether the mandate given to the latter by the non-EU manufacturer must include, for example, the duty to provide an ingredient data sheet to Member States' appointed bodies, as described in Article 7(6). To ensure a level playing field it is important that the same obligations apply to manufacturers both within and outside the Union and that it is clear how these obligations are to be fulfilled.

⁽⁷⁾ Directive 2010/63/EU of the European Parliament and of the Council of 22 September 2010 on the protection of animals used for scientific purposes (OJ L 276, 20.10.2010, p. 33).

⁽⁸⁾ Relevance of professional laundry and machine dishwashing on the entry of phosphate and other phosphorus compounds (P) into wastewater, Umweltbundesamt 98/2021.

3.11. The EESC requests further clarification on the added value of the product passport and CE marking as means to demonstrate and/or verify the conformity of products subject to the Detergents Regulation. The impact assessment report from the Commission does not identify any specific problem with compliance or safety risks to consumers as justification for introducing these requirements, and they do not feature in the policy options addressed therefore information on assessment of their impacts is missing. However, the EESC does support the obligation for a product passport being applied equally to all manufacturers of detergents or surfactants, whether established within or outside the Union, to prevent the competitiveness of European products being compromised by imports.

3.12. The affixing of a CE mark does not in itself constitute proof that conformity assessment procedures have been carried out in accordance with the regulation, and this must still be verified by surveillance authorities as is the case under the current regulation. Fraudulent CE marking is known to occur in other product categories subject to similar legislation and can expose consumers to health and safety risks.

3.13. The EESC calls for any product passport introduced under the Detergents Regulation to be fully integrated with those adopted under other legislation, such as ESPR. To minimise administrative burden for economic operators, particularly SMEs, and public authorities, it is important to maintain coherence and to avoid any duplicative or divergent requirements.

3.14. The EESC finds the information requirements for the product passport as currently proposed to be inconsistent with a reduction of administrative burden. The creation of a product passport, notification to a registry and printing/affixing of a new data carrier for every specific batch of a product is not workable or proportionate, and the requirement to complete these steps before placing on the market is likely to disrupt and delay supply chains. The EESC recommends that the Commission adapt these requirements to a more workable frequency or variation trigger.

3.15. The EESC notes that the specific and technical requirements related to the product passport are to be specified later in an implementing act. These are critical elements for the implementation of the proposed regulation, and the EESC stresses the importance of these requirements being adopted in good time before the regulation comes into effect to avoid legal uncertainty. In order that economic operators will have sufficient time to implement the provisions, the EESC recommends that the start of transitional periods for implementation of the revised Detergents Regulation should commence only following the completion of the Commission's legislative obligations.

3.16. The EESC supports the abolition of the ingredient data sheet for detergents meeting the criteria for classification as hazardous under CLP, as this removes an unnecessary duplication with the provisions of the latter regulation. For non-hazardous detergents the EESC suggests that the ingredient data sheet should be provided upon a reasoned request from Member States' appointed bodies, arising from identified consumer protection needs or concerns; this language would be more consistent with Article 8(3)(c) of the proposal and also with CLP Annex VIII.

3.17. The EESC welcomes the proposed changes in labelling requirements, albeit relatively limited, to remove duplication between CLP and the Detergents Regulation with respect to identification of ingredients. This will help to improve the clarity and relevance of labels for consumers/end users, who have been shown by independent research to prefer labels with less but clearer information⁽⁹⁾. In this context the EESC proposes to simplify further the labelling of detergents by use of a system of pictograms or icons in place of text.

3.18. The EESC supports the provisions in the proposal to enable digital labelling, which will also help to improve legibility of physical labels whilst offering access to an enhanced experience for the consumer/end user in terms of information, language choice and readability. The EESC also supports access to both digital labels and product passport information through a single data carrier, in order to minimise confusion and clutter on labels.

⁽⁹⁾ Geuens M, Byrne D, Boeije G, Peeters V, Vandecasteele B. Investigating the effectiveness of simplified labels for safe use communication: the case of household detergents. *Int J Consum Stud.* 2021; 45(6):1410–24. <https://doi.org/10.1111/ijcs.12662>.

3.19. The EESC welcomes the proposal to allow most of the required labelling to be provided digitally for products sold in a refill format, but questions why the same rules should not also be applied for pre-packaged products as for refill sales. This would better assure a level playing field for detergents placed on the market.

Brussels, 12 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

Opinion of the European Economic and Social Committee on the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the EU action plan: Protecting and restoring marine ecosystems for sustainable and resilient fisheries

(COM(2023) 102 final)

(2023/C 349/20)

Rapporteur: **Javier GARAT PÉREZ**

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1. Conclusions and recommendations

1.1. Our oceans cover 70 % of the planet's surface area. They are a source of food and biodiversity, help regulate the climate and provide many coastal communities with livelihoods, with considerable benefits for health, society and the economy. The European Economic and Social Committee (EESC) therefore believes that healthy marine ecosystems are essential for the planet and for the populations that depend on them.

1.2. European fishers supply high-quality fishery products with a relatively low carbon footprint. After years of good management and reduced fishing pressure, the EESC welcomes the spectacular recovery of fishing stocks in the European Union. According to European Commission data, in 2009 only five fish stocks were harvested sustainably in the EU. In 2022 that number jumped to more than 60, and improvements continue to be made⁽¹⁾. Fish stocks, particularly in the north-east Atlantic, have been increasing significantly, in just 10 years reaching levels that are 50 % higher than those seen in 2010⁽²⁾. In addition, 99 % of landings of EU-regulated stocks in the north-east Atlantic⁽³⁾, 82,5 % of the fish landed globally⁽⁴⁾, come from sustainable fish stocks.

1.3. However, this recovery has come at a significant socioeconomic cost. Quota cuts, combined with the continuous crises that fishermen face, are having a devastating effect, with vessels scrapped throughout Europe. According to the Food and Agriculture Organization of the United Nations (FAO), Europe's current fishing fleet has 28 % fewer vessels than in 2000. The EESC therefore considers it essential to provide businesses and workers with income predictability and a framework of economic stability.

1.4. While Europe's fisheries sector has made great efforts and progress towards protecting marine ecosystems and making them sustainable, the oceans are still subject to climate change, acidification and pollution through pollutants such as plastics and other marine litter or waste from land-based activities, which pose a serious threat to marine ecosystems and the communities that depend on them. To tackle these problems, and in line with the objectives of the new post-2020

⁽¹⁾ COM(2023) 103.

⁽²⁾ STECF Adhoc 20-01.

⁽³⁾ COM(2020) 248.

⁽⁴⁾ *The State of World Fisheries and Aquaculture 2022* (FAO).

global biodiversity framework and the EU Biodiversity Strategy for 2030, the EU must legally protect 30 % of its seas by 2030. The EESC calls on the Member States to achieve this objective within the set time frame and to find solutions that enable coexistence with fishing when recommended by science.

1.5. The EESC recognises that, despite the improvements made, fishing continues to have an environmental impact on oceans. It is therefore clear that there is a need to further mitigate the impact of fishing gear, make nets more selective and protect vulnerable marine species and ecosystems. The EESC calls for a decarbonisation and environmental protection strategy that focuses more on innovation than on eliminating fishing activity and pays equal attention to the three pillars of sustainability — environmental, social and economic — while helping to retain skilled jobs in Europe. In particular, the EESC calls for a balance to be struck between the proposal to increase closures of traditional fishing areas, on the one hand, and maintaining fishing activity, on the other, in view of continuously improving fishing stocks and the increase in the risk of fleet reduction.

1.6. The EESC notes that, although the action plan is not legally binding, it will have a significant socioeconomic cost for the Member States and their fleets. It therefore regrets the fact that the action plan is not accompanied by a socioeconomic study and does not propose any kind of additional financing measures for the green and energy transitions proposed by the European Commission. The Committee therefore calls for a socioeconomic impact study of the proposed measures, in particular with regard to the ban on bottom fishing in marine protected areas (MPAs), and calls for all necessary means, including incentives and compensatory mechanisms, to be put in place for a just and balanced transition.

1.7. The EESC considers it essential that any restrictions on bottom gear be automatically mirrored in the case of products imported from third countries, especially given that the EU imports 70 % of the fish it consumes and that thousands of tonnes of fish come from countries such as Russia and China, and even benefit from tariff preferences (autonomous tariff quotas — ATQs). The EESC therefore calls on the Commission to include in the action plan market measures to ensure consistency and coherence between internal and external policies, as well as a level playing field between EU and non-EU operators. Mobile bottom gear catches 25 % of total European catches⁽⁵⁾. The EESC calls for an action plan that does not increase the food security and sovereignty gap (in terms of seafood) and that allows fishermen to make full use of the fishing quotas allocated to them by law.

1.8. With regard to the European eel, the EESC calls for continued and fast efforts to restore eel habitats, improve the connectivity of rivers and address barriers to migration. It also calls for improving transboundary cooperation and avoiding counterproductive fishery practices. Equally important, the Committee points out that the recent fishery closures adopted for commercial and recreational activities by the EU have a negative impact on coastal fishing across Europe, and therefore calls for an analysis of the progress of the species' recovery before further restrictive fisheries measures are contemplated.

1.9. The EESC highlights the key role that science plays in identifying, managing and mitigating threats to marine ecosystems. The EESC concludes that it is necessary to strengthen and improve scientific recommendations, to adopt an ecosystem-based approach for managing marine resources, and to use a higher resolution when mapping the fishing footprint and carbon sinks.

1.10. As regards munitions and other pollutants discharged into our seas in times of war, especially in the Baltic Sea, the EESC calls on the European Commission and the Member States to take operational measures to clean up the seabed, as well as legislative measures to ensure that waters are safe from these hazards.

2. Background

2.1. According to the European Commission, the action plan is part of its drive to implement the EU's environmental policy and the common fisheries policy in a way that is more consistent with its three pillars of sustainability: environmental, economic and social. It seeks to accelerate the transition to more sustainable fishing practices by:

- the use of more selective fishing gear and practices in commercial fisheries in order to reduce the catch of juvenile fish and thus increase the opportunities for fish stocks to reproduce and remain in the wild;

⁽⁵⁾ STECF 21-08.

- using technological and practical innovations aimed at preventing by-catches of sensitive species;
- phasing out bottom fishing in all MPAs by 2030, in view of the latter's key role in restoring marine biodiversity and the importance of the seabed for the health of marine ecosystems and in mitigating climate change.

2.2. According to the European Commission, this transition should be supported by easily accessible funding, scientific work to develop and promote innovative fishing techniques, and a robust governance framework enabling dialogue between fishing and environmental communities.

3. General comments

Legal aspects

3.1. The EESC takes note of the fact that the action plan is not binding and, as such, is mostly a series of recommendations to Member States based on the EU biodiversity⁽⁶⁾, climate change adaptation⁽⁷⁾ and Farm to Fork⁽⁸⁾ strategies. Nevertheless, the proposed action programme will have a significant socioeconomic cost for the Member States and their fleets. In this connection, the EESC sees the action plan as a unique opportunity to open up a dialogue at European and national level, and therefore supports the creation of a joint task force for the Member States, with stakeholders (shipowners, workers and environmentalists) as observers, ensuring coordinated and inclusive decision-making processes with a view to adopting and implementing consistent management measures.

3.2. The EESC points out that the EU's fisheries and environmental legislation already requires the seabed to be protected and restored. By way of example, in the Mediterranean Sea mobile bottom fishing is prohibited at a depth of more than 1 000 metres. In the Atlantic, bottom trawling is prohibited at a depth of more than 800 metres, and 16 419 km² of vulnerable marine ecosystems have recently been closed to bottom fishing.

3.3. However, the EU must legally protect 30 % of its seas by 2030, in line with the objectives of the new global biodiversity framework and the EU Biodiversity Strategy. The EESC calls on the Member States to achieve this objective through national strategies promoting an ecosystem approach and enabling coexistence with fishing on the basis of scientific recommendations.

3.4. The Committee stresses that the blanket ban on bottom fishing in MPAs is not provided for by any international instrument (BBNJ⁽⁹⁾, CBD⁽¹⁰⁾ or the RFMOs⁽¹¹⁾), or even by the EU legal *acquis*. The EESC therefore deems it appropriate to follow the interpretation put forward by the European Commission in its own response to the Court of Auditors' report⁽¹²⁾, which states that '[d]esignating MPAs does not have to lead to restricting human activities altogether, but rather establishing effective management measures according to the conservation objectives of the areas and on the basis of the best available scientific advice. This may lead to restricting fishing activities only when it is necessary to fulfil the ecological requirements of the natural features, which are the subject of protection'. The same logic is reflected in the Habitats Directive⁽¹³⁾ when it states that '[m]easures taken pursuant to this Directive shall take account of economic, social and cultural requirements and regional and local characteristics', in addition to the requirement to carry out an impact assessment on a case-by-case basis and to take measures in a justified manner (Article 6(3)).

3.5. To ensure that fishery products can be produced with the best social and environmental standards without harming the competitiveness of operators in the various EU countries, the action plan should set out a strategy creating a level playing field, including with respect to third country standards. In addition, the dialogues and consultations on how each Member State will deal with it should coordinate efforts and ensure that fleets flying under a European flag and operating in

⁽⁶⁾ COM(2020) 380.

⁽⁷⁾ COM(2021) 82.

⁽⁸⁾ COM(2020) 381.

⁽⁹⁾ Agreement on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction.

⁽¹⁰⁾ Convention on Biological Diversity.

⁽¹¹⁾ Regional fisheries management organisations.

⁽¹²⁾ ECA Special report 26/2020.

⁽¹³⁾ Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7).

the waters of another EU Member State can be represented in national processes for establishing MPAs. Otherwise, there could be unfair treatment, meaning that there will be a lack of consistency in European waters.

3.6. The Committee draws attention to Article 39 TFEU establishing the need to ensure a fair standard of living for the agricultural (and fishing) community, to assure the availability of supplies and to ensure that supplies reach consumers at reasonable prices. Therefore, and taking into account the principle of proportionality (Article 5 TEU), Member States should propose the option that has the least impact on the fleet and that ensures effective nature conservation.

3.7. The EESC points out that Article 2(1)(b) of the Paris Agreement ⁽¹⁴⁾ highlights the need to increase the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emission development, in a way that does not threaten food production.

Scope

3.8. The Commission urges the Member States to adopt national measures and, where appropriate, to submit joint recommendations to the Commission to ensure that mobile bottom fishing is phased out in all MPAs by 2030.

3.9. The EESC reiterates that MPAs may lead to fishing activities being restricted when it is necessary to comply with the ecological requirements of the natural features that are protected. In this context, MPAs could include many other conservation measures that are not linked to bottom fishing, such as those to protect sea birds, cetaceans and turtles. Consequently, when proposing measures relating to bottom fishing gear, the Committee calls on the Commission to focus its efforts on MPAs whose task is to protect vulnerable seabeds and not other types of seabed.

3.10. The EESC points out that target 3 of the Convention on Biological Diversity aims to ensure and enable that by 2030 at least 30 % of coastal and marine areas are effectively conserved and managed through MPAs and other effective area-based conservation measures (OECM), while ensuring that any sustainable use, where appropriate in such areas, is fully consistent with conservation outcomes, recognising and respecting the rights of local communities.

3.11. In this context, the EESC regrets the fact that the Commission does not mention inclusive and effective environmental protection tools, such as the OECMs, in the action plan. The EESC calls for the 'handbook for identifying, evaluating and reporting other effective area-based conservation measures in marine fisheries', published by the FAO in 2022 ⁽¹⁵⁾, to be used.

3.12. The EESC also calls for OECMs to be included in the calculation of the statutory protection target of 30 % so that this objective can be achieved in a proportionate manner. In this regard, the EESC asks for other closures to bottom fishing established by fisheries legislation to be taken into account, such as the 87 areas recently closed to bottom fishing in the Atlantic, or the closures in the Western Mediterranean due to the multiannual management plan.

Fishing footprint

3.13. Citing a special ICES opinion of 24 June 2021, the action plan specifies that, generally speaking, mobile bottom fishing in the north-east Atlantic is carried out in 80–90 % of 'fishing areas'. The EESC points out that the figures are this high mainly due to low-resolution mapping of the fishing footprint. ICES uses a grid to estimate the impact of bottom fishing, with a resolution of around 17 km² (northern latitudes) and 27 km² (southern latitudes). In other words, if a vessel traces a line along any of the points in that area, the entire area is considered fished. This artificially increases the exploited area and leads to political decision-making using inaccurate mapping. The EESC therefore asks the Commission to highlight in its action plan the need for better resolution mapping of bottom gear. In the Marine Strategy Framework Directive ⁽¹⁶⁾

⁽¹⁴⁾ Paris Agreement 2015 (UN).

⁽¹⁵⁾ *Handbook for identifying, evaluating and reporting other effective area-based conservation measures in marine fisheries* (FAO).

⁽¹⁶⁾ Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008 establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive) (OJ L 164, 25.6.2008, p. 19).

implementation report, the Commission notes that the main activities that cause real, physical loss of benthic ⁽¹⁷⁾ habitats were 'land claim and flood defence, port construction, solid waste disposal, renewable energy production and impacts from unsustainable practices of aquaculture' ⁽¹⁸⁾. The EESC therefore asks the European Commission to also propose additional measures to minimise or eliminate the impact of these activities, which in turn have a negative impact on fishing activity.

Science

3.14. Disturbances such as acidification, ocean heat waves, oxygen scarcity, toxic algal blooms, parasites or reproduction problems may cause fish stocks to collapse or cause them to move to deeper and colder waters. Plastics, microplastics and other pollutants from human activities also have a negative impact on marine ecosystems. Due to these factors, traditional fisheries science is unable to understand, in some cases, the status of some stocks or the variations in them. The EESC concludes that this makes it more necessary than ever to use an ecosystem approach and improve science in order to assess, understand and adapt to changes.

3.15. The action plan announces that, in 2024, the Commission will launch a study quantifying the carbon storage capacity of the EU seabed and the potential impacts of bottom fishing on this capacity. The EESC welcomes this initiative. In this context, the EESC calls for consideration to be given to whether monitoring sediment disturbance is effective in terms of climate mitigation. The effect of shifting fishing efforts to new, unexploited areas due to closures should also be studied, as should the effects of natural events, such as storms, on sediments. These should then be compared to the effects of bottom fishing.

3.16. The EESC fully supports the Commission's initiative to develop an interactive platform on selective and innovative fishing gear to exchange knowledge and good practices. In this context, the Committee highlights the ICES recommendations on innovative fishing gear ⁽¹⁹⁾, where experts have assessed the benefits and the impacts of innovative gear on marine ecosystems, sensitive habitats and the selectivity of fisheries. The EESC welcomes the fact that most of the progress was made in bottom fisheries and encourages further progress in this direction.

Socioeconomic impact

3.17. Although it is not mandatory, the EESC calls for a socioeconomic impact assessment of the proposed measures, in particular on the ban on bottom fishing in MPAs. Given that, in the EU, trawling alone accounts for 7 000 fishing vessels, 20 000 fishermen, one third of the total fishing capacity, 38 % of the income generated by the EU fleet, and 25 % of total catches, it is vital to assess the impacts of the measures proposed.

3.18. The EESC calls on the Commission and the Member States to assess and minimise the direct impact not only of the proposed measures, such as losing access to traditional grounds, but also of the displacement of fishing efforts to other areas, which may lead to compatibility problems between different fishing gear, make target species inaccessible and increase fuel consumption.

Food security

3.19. The conclusions of the action plan highlight the need to ensure food security, as well as the socioeconomic well-being of fishermen, coastal communities and society in general. However, the ban on bottom fishing in current MPAs (10 % of waters) alone will lead to a 2 % increase in imports. Given the importance of achieving a just transition, the EESC calls for an assessment to be carried out on the estimated increase in imports for the objectives set out in the action plan (30 % of waters).

3.20. The EESC points out that 70 % of the fish consumed in the EU already comes from third countries, and that mobile bottom gear catch 25 % of total European catches. The EESC calls for an action plan that does not increase the food security and sovereignty gap (in terms of seafood) and that allows fishermen to make full use of the fishing quotas allocated to them by law.

⁽¹⁷⁾ Habitats found on the seabed.

⁽¹⁸⁾ COM(2020) 259.

⁽¹⁹⁾ ICES sr.2020.12.

Market measures

3.21. The EESC considers it essential that restrictions on bottom gear be automatically mirrored in products imported from third countries. This question is particularly relevant given that thousands of tonnes of white fish (for example Alaska pollock, cod and haddock) come from Russia and China, and even benefit from tariff preferences (ATQs). The EESC therefore calls on the Commission to include in the action plan market measures to ensure consistency and coherence between internal and external policies, as well as a level playing field between EU and non-EU operators.

Funding

3.22. The EESC regrets the fact that the action plan does not propose any kind of additional financing measures for either the green or energy transitions proposed by the European Commission. An initiative of this magnitude and which affects so many bottom-fishing vessels must be accompanied by the necessary compensatory incentives and mechanisms. The EESC calls for public aid to be allocated to research and innovation aimed at reducing contact with the seabed, rather than to changing fishing gear or scrapping. The latter would require huge sums of money, which are not available in the current funds, and would involve technical impediments when changing fishing methods. The EESC also calls for the seasonality and specificity of the fisheries sector to be taken into account. The EESC requests that (in addition to the European Maritime Fund for Fisheries and Aquaculture (EMFAF)) the European Social Fund and the European Regional Development Fund adopt fisheries-focused programmes in order to improve the channelling of funds to areas where they are most needed. Furthermore, the Committee calls on the European Commission to produce monitoring reports to verify whether funds are being properly implemented and distributed.

By-catches

3.23. The EESC fully agrees with the Commission on the need to minimise and, where possible, eliminate by-catches of sensitive marine species (for example, the common dolphin in the Bay of Biscay). The EESC is concerned about vulnerable species that are particularly threatened, such as some species of shark, sea turtle, marine mammal (Baltic Proper harbour porpoise and Mediterranean monk seal) and sea bird (Balearic shearwater). The EESC calls on the Member States to take national or joint measures to minimise by-catch.

3.24. In this regard, the EESC welcomes the latest measures taken by some Member States which have deployed on-board observers and acoustic devices that emit ultrasound to drive away dolphins. Finally, the EESC calls on the Commission and the Member States to ensure that closures of fishing areas to protect sensitive species are balanced, and that they take into account the great socioeconomic impact that this will have on the fleet.

3.25. The EESC is concerned about the critical status of the European eel and reiterates the decisive measures adopted by the Council in December 2022 to improve the situation, which resulted in a six-month closure of marine catches and a total ban on recreational fishing. In this regard, the EESC points out that these measures will have a major negative impact on coastal fishing across Europe, and therefore calls for an analysis of the progress of the species' recovery before further restrictive measures are taken. Nonetheless, the Committee believes it fundamental to address all fishery and non-fishery-related impacts and to better implement relevant legislation such as the Water Framework Directive⁽²⁰⁾, the Habitats Directive and the Marine Strategy Framework Directive, in order to improve the situation as soon as possible, avoiding further restriction.

Other pollutants

3.26. It is estimated that, due to the wars of the last century, the Baltic Sea alone has around 50 000 tonnes of chemical munitions, 500 000 tonnes of conventional weapons and 10 000 wrecks on its seabed⁽²¹⁾. This danger is being exacerbated by Russia's brutal military aggression against Ukraine. Dumped munitions pose a real threat to human life and the marine environment, jeopardising not only fishing and seafaring but also the development of other sectors of the blue economy. The EESC calls on the European Commission and the Member States to take operational steps to clean up the seabed, as well as legislative measures to ensure that waters are safe from these hazards. The EESC stresses the importance of the European Food Safety Authority and of Member States' national programmes under the Marine Strategy Framework Directive in safeguarding the marine environment as a source of safe and healthy food for humans.

⁽²⁰⁾ Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1).

⁽²¹⁾ *Clearing chemical and conventional munitions from the sea* (Euractiv).

Blue economy

3.27. The EESC points out that the various sectors making up the blue economy are interdependent (fisheries, biotechnology, seafaring, maritime transport, aquaculture, shipyards, supply chains, logistics and transport). The loss or scrapping of fishing vessels therefore has a direct impact on European shipyards and other logistics services. In this regard, the EESC highlights the need for a decarbonisation and environmental protection strategy that focuses more on innovation than on eliminating fishing activity, and pays equal attention to the three pillars of sustainability — environmental, social and economic — while helping to retain skilled jobs in Europe⁽²²⁾. Furthermore, the EESC points out that the fisheries sector helps to maintain populations in rural coastal communities that are highly dependent on this industry⁽²³⁾. The reduction or loss of the fisheries sector leads directly to an increase in migratory flows to large cities, with all the problems that population concentration entails.

Wind energy

3.28. In line with the European Green Deal, the EU has set itself the target of increasing its offshore energy generation by a factor of 20 to achieve climate neutrality by 2050. However, this increase affects the marine environment, for example through the installation of wind farms and the laying of deep-water cables. Several Member States have even announced that they are going to connect their offshore electricity grids, mainly via artificial energy islands in the Baltic and the Atlantic. The EESC is fully aware of the need for renewable energy sources that need to coexist with sustainable food sources⁽²⁴⁾. It therefore calls for the careful development of offshore wind energy in order to avoid making the same mistakes as in the past, minimising the impact on biodiversity. Furthermore, the EESC asks that the traditional fishing grounds of fishers be unaffected by the installation of these structures.

Brussels, 12 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

⁽²²⁾ Opinion of the European Economic and Social Committee on Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on a New approach for a sustainable blue economy in the EU — Transforming the EU's Blue Economy for a Sustainable Future (COM(2021) 240 final) (OJ C 517, 22.12.2021, p. 108).

⁽²³⁾ Opinion of the Committee of the Regions on *The Common Fisheries Policy on the ground: towards sustainable and resilient coastal communities in the EU* (NAT-VII/035).

⁽²⁴⁾ Opinion of the European Economic and Social Committee on 'Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — An EU Strategy to harness the potential of offshore renewable energy for a climate neutral future' (COM(2020) 741 final) (OJ C 286, 16.7.2021, p. 152).

Opinion of the European Economic and Social Committee on ‘Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2019/1242 as regards strengthening the CO₂ emission performance standards for new heavy-duty vehicles and integrating reporting obligations, and repealing Regulation (EU) 2018/956’

(COM(2023) 88 final — 2023/0042 (COD))

(2023/C 349/21)

Rapporteur: **Dirk BERGRATH**

Co-rapporteur: **Alessandro BARTELLONI**

Referrals	European Parliament, 29.3.2023 Council of the European Union, 3.4.2023
Legal basis	Articles 192(1) and 304 of the Treaty on the Functioning of the European Union
Section responsible	Consultative Commission on Industrial Change
Adopted in section	22.6.2023
Adopted at plenary	12.7.2023
Plenary session No	580
Outcome of vote (for/against/abstentions)	182/4/7

1. Conclusions and recommendations

1.1. The European Economic and Social Committee (EESC) welcomes the objective of this regulation to accelerate the pace of decarbonisation in the sector and to boost its structural transformation. The EU should seize the opportunity to become a leader in the clean-transport industry.

1.2. The EESC notes that the proposal goes beyond the currently proposed targets in China, but falls short of the recently adopted Regulation in California for a 100 % zero-emission sales target for trucks and buses by 2036. The EESC also notes that The U.S. National Blueprint for Transportation Decarbonization ⁽¹⁾ assigns a complementary role to ‘clean electricity, sustainable biofuels/e-fuels, and clean hydrogen’ for transport in general, and for heavy duty road transport in particular.

1.3. The EESC observes that a number of Member States, alongside other countries (including the United States), have already pledged to transition to 100 % zero-emission heavy-duty vehicles (HDVs) sales by 2040 ⁽²⁾. In addition, various regulations at local and regional levels are to be expected (e.g. entry bans).

1.4. The EESC acknowledges the importance of a regulatory stimulus to foster the deployment of zero-emission vehicles (ZEVs). However, the EESC believes that a focus must also be given to the demand side and to the key enabling conditions that make operating ZEVs a viable option for logistic operators.

1.5. The EESC welcomes efforts by some Member States to support the transition to ZEVs, especially for SMEs, and notably through the European Union’s Recovery and Resilience Facility (RRF) and other national funds.

⁽¹⁾ DOE/EE-2675 | January 2023.

⁽²⁾ COP27: USA, Ukraine, Ireland, Aruba, Belgium, Croatia, Curaçao, Dominican Republic, Liechtenstein, Lithuania sign Global MOU, support path to 100 % new truck and bus sales by 2040 (17.11.22).
U.S. Secretary of Energy Advances America’s Commitment to Reaching Net Zero Global Emissions and Combatting Climate Change at COP27.

1.6. The EESC reaffirms its support for the Alternative Fuels Infrastructure Regulation (AFIR). Public authorities must ensure alternative fuels and charging stations are available where needed⁽³⁾. To meet the 2030 intermediate target, over 50 000 publicly accessible chargers are required, of which 35 000 would need to be high-performance megawatt charging models. Some 700 hydrogen refilling stations would also be required.

1.7. Given the limitations of the Commission's impact assessment, the EESC calls for a close and regular monitoring of developments in a progress report, including an in-depth assessment of the supply chain to avoid disruptions and to better reflect the impact of decarbonising transport at regional level.

1.8. In line with its previous opinions⁽⁴⁾, the EESC notes that despite all the benefits of electric and hydrogen powertrains, the proposed regulation based on the 'tailpipe' approach needs to be complemented by other policy instruments to incentivise the use of renewable, non-fossil fuels for the part of the fleet running on internal combustion engine (ICE). The Fit for 55 package must ensure a life-cycle approach and avoid road transport decarbonisation leading to a shift of emissions upstream in the value chain.

1.9. The EESC stresses the need for a policy framework that drives decarbonisation in a way that is fair for workers. This includes the provision of adequate funding to support regions facing difficulties as a result of the decarbonisation agenda, the need to anticipate change at all levels (sites, companies, regions and sectors) through plans developed with the social partners, and a massive effort by public authorities and companies to retrain and up-skill workers.

1.10. The EESC calls for a CO₂ emission reduction trajectory, in line with the industrial sector's capacity to transform and compatible with transport operators in terms of costs and operational efficiency. The proposed targets must be compatible with the time needed to convert existing production facilities and build new ones, to roll out charging infrastructure, to secure supply of key components and raw materials, to create lead markets and to train the workforce.

1.11. The EESC stresses the need to decarbonise (the fleet) at a pace that is consistent with the implementation of the EU Green Deal Industrial Plan, and with the important projects of common European interest (IPCEI), that will contribute to developing key supply chains for the sector in Europe, such as clean hydrogen, batteries and microelectronics.

1.12. The EESC also stresses the need to provide capacity-building and to support hauliers and operators — especially SMEs — to comply with the reporting obligations implemented by the regulation.

2. General background

2.1. In October 2014, the EU heads of state/government⁽⁵⁾ set a binding goal to reduce greenhouse gas (GHG) emissions produced across the EU's entire economy by at least 40 % compared to 1990 levels by 2030. This target was based on global projections that comply with the medium-term timescale of the Paris Agreement on climate change (COP 21)⁽⁶⁾.

⁽³⁾ Opinion of the European Economic and Social Committee on 'Proposal for a regulation of the European Parliament and of the Council on the deployment of alternative fuels infrastructure, and repealing Directive 2014/94/EU of the European Parliament and of the Council' (COM(2021) 559 final — 2021/0223 (COD)) and on 'Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — A strategic rollout plan to outline a set of supplementary actions to support the rapid deployment of alternative fuels infrastructure' (COM(2021) 560 final) (OJ C 152, 6.4.2022, p. 138).

⁽⁴⁾ Opinion of the European Economic and Social Committee on the 'Proposal for a Regulation of the European Parliament and the Council on setting emission performance standards for new passenger cars and for new light commercial vehicles as part of the Union's integrated approach to reduce CO₂ emissions from light-duty vehicles and amending Regulation (EC) No 715/2007' (COM(2017) 676 final — 2017/0293 (COD)) (OJ C 227, 28.6.2018, p. 52), and Opinion of the European Economic and Social Committee on Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2019/631 as regards strengthening the CO₂ emission performance standards for new passenger cars and new light commercial vehicles in line with the Union's increased climate ambition (COM(2021) 556 final — 2021/0197(COD)) (OJ C 194, 12.5.2022, p 81).

⁽⁵⁾ European Council conclusions of 24 October 2014.

⁽⁶⁾ <https://unfccc.int/process-and-meetings/the-paris-agreement>.

2.2. In December 2020 the European Commission published its sustainable and smart mobility strategy. This document sets a series of ambitious targets and milestones to make the EU transport system fit for the climate-neutral and digital world.

2.3. In July 2021, the European Commission stepped up the game by adopting the Fit for 55 package⁽⁷⁾ — a set of policy proposals for a 55 % net reduction (compared to 1990 levels) in GHG emissions in the EU by 2030. This is consistent with the EU's commitment to achieving climate neutrality by 2050, established by the European Climate Law⁽⁸⁾.

2.4. The European strategy for low-emission mobility⁽⁹⁾ published in July 2016 sets the target of at least 60 % fewer greenhouse gas emissions from vehicles by 2050 compared to 1990 levels, putting the EU on a firm path towards zero emissions. However, the Fit for 55⁽¹⁰⁾ package establishes that the 2050 climate neutrality goal requires a 90 % reduction in overall transport emissions by 2050 compared to 1990 levels. The use of low-emission/emission-free vehicles would have to progressively increase in order to achieve a significant market share by 2030 and set the EU on a consistent long-term path towards zero-emission mobility.

2.5. The road transport sector represents one fifth of the EU's GHG emissions. HDVs, such as trucks, city buses and long-distance buses, are responsible for more than 25 % of GHG emissions from road transport in the EU, and account for over 6 % of total EU GHG emissions. Despite efforts by manufacturers to decrease emissions per km, total emissions continue to increase, especially in freight transport due to growing road transport demand, which is expected to continue increasing in the future. Road transport is also an important source of air pollution, and the EU is in the process of revising its air quality legislation, notably on the basis of the proposal on the new Euro 7 standards to reduce pollutants from vehicles.

2.6. The current HDV fleet is run almost entirely on internal combustion engines, which are predominantly fuelled by fossil fuels, mostly refined in the EU from imported crude oils, in turn contributing to the EU's energy dependency. According to the European Commission's impact assessment, the proposal of new standards should decrease the demand for fossil fuels by around 2 billion barrels of oil between 2031 and 2050.

2.7. Currently, a typical European 40-tonne 4x2 tractor unit in a 'long-haul test cycle' consumes around 33,1 L of fuel per 100 km on roads and highways. A typical European 12-tonne 4x2 distribution truck in an 'urban delivery test cycle' consumes around 21,4 L of fuel per 100 km⁽¹¹⁾.

2.8. Purchasers of HDVs are mostly freight transport operators. They can experience fuel costs greater than a quarter of their operational costs, and rank fuel efficiency as their top purchasing criterion. Unlike the passenger car sector, total cost of ownership will be the dominating factor in choosing the drive type.

2.9. In 2021, according to industry data, lorry exports generated a trade balance surplus of EUR 5 billion. The same year, more than 470 000 trucks were manufactured in the 52 plants located in the EU⁽¹²⁾. This sector is part of an automotive industry which generates 12,1 million direct and indirect jobs in Europe, equivalent to 5,6 % of total EU employment.

⁽⁷⁾ COM(2021) 550 final.

⁽⁸⁾ Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

⁽⁹⁾ COM(2016) 501 final.

⁽¹⁰⁾ COM(2021) 550 final.

⁽¹¹⁾ Delgado, O., Rodríguez, F., Muncrief, R., Fuel efficiency technology in European heavy-duty vehicles: Baseline and potential for the 2020–2030 timeframe, International Council on Clean Transportation, ICCT White Paper, Berlin, July 2017.

⁽¹²⁾ Fact sheet 'Trucks'.

2.10. Commercial road transport is the nervous system of the EU economy value chain. Road transport accounts for a large share of the EU's GDP (gross domestic product) and employs over 3,4 million people EU-wide⁽¹³⁾. Challenges to the sector include making transport safer and more secure while preserving the efficiency of the single market, and improving working conditions in the sector and the transport environment as a whole.

2.11. Recent developments in the geopolitical landscape have focused attention on the need to ensure the resilience of the EU logistic supply chain, even in the most dramatic situations. Increased energy costs and dependencies on energy and raw materials — coupled with the aggressive protectionist strategies of some key international players — have been threatening the EU economic system and the welfare of its citizens. The EU commercial road transport system needs to remain competitive, affordable, and fully operational, even in the most critical circumstances. The regulatory framework should ensure this.

3. The proposal for a regulation

3.1. The proposal is meant to replace the HDV CO₂ Standards Regulation (EU) 2019/1242⁽¹⁴⁾ of 2019. Despite the fact that an evaluation of the results of the Regulation currently in place is not possible, the Commission believes it necessary to contribute to the objectives of the European Green Deal and the European Climate Law. It sets new binding CO₂ targets applicable from 2025.

3.2. The proposal covers trucks (over 5 tonnes), city buses and long-distance buses (over 7,5 tonnes), as well as trailers (an unpowered vehicle towed by a motor vehicle). While this is an important expansion of the scope of the regulation, a regulatory gap regarding the CO₂ regulation of cars and light commercial vehicles (trucks between 3,5 and 5 tonnes) remains.

3.3. The Commission is proposing new and more ambitious CO₂ emission targets for new HDVs from 2030 to deliver on the above objectives. Under the proposal, on average and compared to 1990 levels, CO₂ emissions would reduce by:

— 45 % from 1 January 2030;

— 65 % from 1 January 2035; and

— 90 % from 1 January 2040.

3.4. New city buses in the EU will all have to be zero-emission (100 % share of zero-emission vehicles) as of 2030.

3.5. An exemption to the CO₂ reduction targets will apply to the following HDVs:

— small volume manufacturers (up to 100 vehicles);

— vehicles used for mining, forestry and agricultural purposes;

— vehicles designed and constructed for use by armed forces and track-laying vehicles;

— vehicles designed and constructed or adapted for use by civil protection services, fire services, and forces responsible for maintaining public order or urgent medical care;

— vocational vehicles, such as garbage trucks.

3.6. Unlike the CO₂ standards for passenger cars and light commercial vehicles, the Commission proposal for HDV views hydrogen internal combustion vehicles (alongside other currently available alternative technologies as battery electric vehicles or hydrogen fuel cells) as a zero-tailpipe-emission option.

⁽¹³⁾ Eurostat, 2014 Labour Force Survey data.

⁽¹⁴⁾ Regulation (EU) 2019/1242 of the European Parliament and of the Council of 20 June 2019 setting CO₂ emission performance standards for new heavy-duty vehicles and amending Regulations (EC) No 595/2009 and (EU) 2018/956 of the European Parliament and of the Council and Council Directive 96/53/EC (OJ L 198, 25.7.2019, p. 202).

3.7. Building on the scope of the Fit for 55 package, which covers emissions from all sectors, the Commission proposal for HDV adopts the ‘tank-to-wheel’ methodology, also used in the light-duty vehicles (LDV) Regulation⁽¹⁵⁾, to set the GHG emission reduction targets. Such a methodology is also referred to as ‘tailpipe’, as it takes into account only the CO₂ emitted from the vehicle while in use, whereas GHG emitted during the vehicle manufacturing or during the production of the fuels or energy are covered by other legislations such as the EU Emissions Trading System. The contribution of renewable and low-carbon fuels for the purpose of target compliance in this specific legislation was discarded, as the Commission deemed it neither cost-efficient nor effective.

4. General comments

4.1. The EESC welcomes the objective of this regulation to accelerate the pace of decarbonisation in the sector and to boost its structural transformation. The European transport industry needs to renew its road transport fleet, through the gradual adoption of new powertrain technologies (electric/hydrogen fuel cells and hydrogen ICE). The EU should seize the opportunity to become a leader in the clean-transport industry. Developments indicate that the mentioned technologies provide a viable and cost-efficient path for standard use in short-, medium- and (gradually) long-haul trucking.

4.2. The EESC notes that the proposal goes beyond the currently proposed targets in China, but falls short of the recently adopted Regulation in California. In June 2022, China announced a proposal (‘Stage 4’) estimated to tighten fuel consumption standards in the heavy-duty sector by 15 % by 2026 as a general target across all vehicle segments, to replace its previous ‘Stage 3’, implemented in 2019. U.S. ‘Phase 2’ standards adopted in 2016 and applicable for 2018–2027 are estimated to reduce CO₂ and fuel consumption that vary by vehicle type and range from 16 % to 30 % compared to its 2010 baseline. California, whose emission standards are commonly followed by other U.S. states, has recently adopted legislation for a 100 % zero-emission sales target for trucks and buses by 2036, allowing only battery electric and hydrogen fuel cell electric vehicles. The U.S. National Blueprint for Transportation Decarbonization⁽¹⁶⁾ additionally assigns a complementary role to ‘clean electricity, sustainable biofuels/e-fuels, and clean hydrogen’ for transport in general and for heavy-duty road transport in particular.

4.3. The EESC observes that the proposed regulation will not be the only regulatory framework that the sector will encounter. While a number of Member States, alongside other countries (including the United States), have already pledged to transition to 100 % zero-emission HDV sales by 2040⁽¹⁷⁾, various regulations at local and regional levels are to be expected (e.g. entry bans). While the latter will mostly not aim to achieve climate action, they will have an impact on the operation and profitability of non-ZEVs, and on the functioning of the single market.

4.4. The EESC acknowledges the importance of a regulatory stimulus as a supply-side policy measure to foster investments in ZEV technologies and the deployment of ZEVs, eventually contributing, together with carbon-neutral fuels, to fully decarbonising the HDV fleet. However, the EESC believes that a focus must also be given to the demand side and to the key enabling conditions that make operating ZEVs a viable option for logistic operators.

4.4.1. According the European Automobile Manufacturers’ Association (ACEA), the proposal would require a significantly increased number of zero-emission vehicles on the road at least two years earlier than currently anticipated. Specifically, the newly proposed target would require more than 400 000 zero-emission vehicles to be in operation within less than seven years, and close to 100 000 to be registered annually from 2030, meaning that more than one third of all

⁽¹⁵⁾ Regulation (EU) 2019/631 of the European Parliament and of the Council of 17 April 2019 setting CO₂ emission performance standards for new passenger cars and for new light commercial vehicles, and repealing Regulations (EC) No 443/2009 and (EU) No 510/2011 (OJ L 111, 25.4.2019, p. 13).

⁽¹⁶⁾ DOE/EE-2675 | January 2023.

⁽¹⁷⁾ COP27: USA, Ukraine, Ireland, Aruba, Belgium, Croatia, Curaçao, Dominican Republic, Liechtenstein, Lithuania sign Global MOU, support path to 100% new truck and bus sales by 2040 (17.11.22).
U.S. Secretary of Energy Advances America’s Commitment to Reaching Net Zero Global Emissions and Combatting Climate Change at COP27.

new registrations would need to be zero-emission vehicles from 2030. This fleet would require over 50 000 publicly accessible chargers, of which 35 000 would need to be high-performance megawatt charging models. Some 700 hydrogen refuelling stations would also be required. This indicates the high ambition for both public and private actors.

4.4.2. The EESC also calls for adequate enabling conditions to encourage hauliers and operators to invest in new vehicles, including a massively accelerated roll-out of suitable charging and refuelling infrastructure, effective carbon pricing, and other demand-side measures that support transport operators and ensure that they invest in zero-emission vehicles. It must be borne in mind that hauliers and operators will make investment decisions based on profitability considerations.

4.4.3. The EESC welcomes efforts by some Member States to support the transition to ZEVs, especially for SMEs. In Austria, the 'Emission-free commercial vehicles and infrastructure' funding programme supports companies to switch their fleets to non-fossil-powered commercial vehicles, and to set up the charging and refuelling infrastructure required for these commercial vehicles. Through the European Union's Recovery and Resilience Facility (RRF) and other national funds, Austria has a total of EUR 365 million available to promote zero-emission commercial vehicles and their infrastructure ⁽¹⁸⁾.

4.5. Given the limitations of the Commission's impact assessment, notably the lack of an evaluation of the current Regulation, the EESC calls for a close and regular monitoring of certain key elements, including the development of the new powertrain vehicles, the deployment of the recharging/refuelling infrastructure, and of the cost of vehicles, energy and fuels.

4.6. Sustainable, non-fossil fuels can play a role complementary to electrification and hydrogen for decarbonising transport, even though lower efficiency and costs (which are currently high) are limiting that role ⁽¹⁹⁾. While they are recognised in regulations for aviation and maritime transport, they are not mentioned in road decarbonisation regulations. However, a methodology distinguishing between linear CO₂ emissions (from fossil fuels) and circular or net-zero emissions (from e-fuels and sustainable biofuels), in a life-cycle context, shows that efficient ICE and hybrid vehicles, fuelled by sustainable biofuels and e-fuels, have a carbon footprint comparable to that of BEVs using fossil-based electricity. This makes it even more important to replace fossil fuels in the existing fleet, as well as in those new HDVs that will continue to use ICE powertrains.

4.7. The EESC calls on policy-makers to guarantee that the transition to non-fossil fuels gives clear assurances for investments and a just transition in the fuels sector, and supports the growth of the relevant EU industrial value chain and gain global leadership.

4.8. The technology-neutral option presents numerous advantages. It would notably mitigate the risks both in technology development and in security of supply. The resilience of the EU economy would benefit from a diversified technology strategy, with sustainable fuels complementing BEV and hydrogen vehicles, while these two technologies develop and widen their domestic EU basis.

4.9. The EESC considers it crucial to ensure that the proposal contributes to:

- strengthening the EU's industrial leadership in the production of HDVs, buses and related equipment through investment and innovation;
- preserving the effective and cost-efficient operations of the EU logistic chain, allowing the functioning of the EU internal market even in the most critical circumstances;
- promoting the competitiveness and boosting the employment of all the industries (with special attention for the SMEs) belonging to the value chain of commercial road transport;

⁽¹⁸⁾ https://www.bmk.gv.at/en/topics/mobility/alternative_transport/electromobility.html.

⁽¹⁹⁾ See IPCC AR6 WG III full report, p. 1068.

- accelerating the shift to a more sustainable transport system, based on multimodality and where a substantial part of the 75 % of inland freight carried today by road will shift to rail and inland waterways;
- improving the resilience of the EU economy to shocks, large-scale disruptions in supply chains, and constraints in the access to resources. For example, where fossil energy is used as a weapon by certain countries, and the fact that raw materials for BEVs are sourced and processed from just a few non-EU countries.

4.10. This requires the following:

4.10.1. A CO₂ emission reduction trajectory in line with the capacity of the industrial sector to transform, and compatible with transport operators in terms of costs and operational efficiency. The proposed targets must be compatible with the time needed to convert existing production facilities and build new ones, to roll out charging infrastructure, to secure supply of key components and raw materials, to create lead markets and to train the workforce.

4.10.2. A pace of decarbonisation (for the fleet) that is consistent with the implementation of the EU Green Deal Industrial Plan and the important projects of common European interest (IPCEI), and that will contribute in developing key supply chains for the sector in Europe, such as clean hydrogen, batteries and microelectronics. The emission trajectory must also be in line with the European Green Deal objectives, as well as the EU sustainable and smart mobility strategy.

4.11. As expressed in previous opinions, the EESC deems an enhanced coordination among environmental legislations targeting road transport crucial for successfully transforming the industry (such as Euro 7, AFIR and Eurovignette)⁽²⁰⁾, while calling for a coherent legislative approach.

4.12. In line with its previous opinions⁽²¹⁾, the EESC notes that despite all the benefits of electric and hydrogen powertrains, the proposed regulation based on the 'tailpipe' approach needs to be complemented by other policy instruments to incentivise the use of renewable, non-fossil fuels for the part of the fleet running on ICE. The Fit for 55 package must ensure a life-cycle approach and avoid road transport decarbonisation leading to a shift of emissions upstream in the value chain. The EU Emissions Trading System revision, as well as the Renewable Energy Directive⁽²²⁾, must ensure that the decarbonisation of road transport and of energy production happen at a compatible pace.

4.13. In the transformation, the European Union must ensure a fair competition for European Original Equipment Manufacturers (OEMs) and transport operators in domestic and international markets.

4.14. The EESC also stresses the need to provide capacity-building and support hauliers and operators — especially SMEs — to comply with the reporting obligations implemented by the regulation, including the proposed central register for data on HDVs.

4.15. Regarding urban buses, the EESC underscores the need to exempt buses also used for interurban transport from the specific zero-emission requirement for urban buses.

⁽²⁰⁾ Opinion of the European Economic and Social Committee on the proposal for a Regulation of the European Parliament and of the Council on type-approval of motor vehicles and engines and of systems, components and separate technical units intended for such vehicles, with respect to their emissions and battery durability (Euro 7) and repealing Regulations (EC) No 715/2007 and (EC) No 595/2009 (COM(2022) 586 final — 2022/0365(COD)) (OJ C 228, 29.6.2023, p. 103), Opinion of the European Economic and Social Committee on the EU mobility strategy and EU industrial value chains: automotive eco-systems approach (own-initiative opinion) (OJ C 105, 4.3.2022, p. 26) and Opinion of the European Economic and Social Committee on the 'Proposal for a Directive of the European Parliament and of the Council amending Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructures' (COM(2017) 275 final — 2017/0114 (COD)) and on the 'Proposal for a Council Directive amending Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructures, as regards certain provisions on vehicle taxation' (COM(2017) 276 final — 2017/0115 (CNS)) (OJ C 81, 2.3.2018, p. 188).

⁽²¹⁾ Opinion of the European Economic and Social Committee on the 'Proposal for a Regulation of the European Parliament and the Council on setting emission performance standards for new passenger cars and for new light commercial vehicles as part of the Union's integrated approach to reduce CO₂ emissions from light-duty vehicles and amending Regulation (EC) No 715/2007' (COM(2017) 676 final — 2017/0293 (COD)) (OJ C 227, 28.6.2018, p. 52) and Opinion of the European Economic and Social Committee on Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2019/631 as regards strengthening the CO₂ emission performance standards for new passenger cars and new light commercial vehicles in line with the Union's increased climate ambition (COM(2021) 556 final — 2021/0197(COD)) (OJ C 194, 12.5.2022, p. 81).

⁽²²⁾ Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82).

4.16. The EESC acknowledges with concern that the technological changes are not 'neutral' for workers. Even though many jobs are set to be created in the mobility ecosystem in the coming years, massive job losses in certain parts of the value chain are to be expected, as many SMEs in various EU regions will be negatively impacted. New technologies also have an impact on the skill profiles required in the sector, and their rapid introduction could create challenges for some categories of workers (low-skilled, older workers, temporary workers). The current shortage of skilled workers in many sectors might also put the pace of the transition at risk.

4.17. The EESC stresses the need for a policy framework that drives decarbonisation in a way that is fair for workers. When it comes to HDVs, a just transition must mean the following:

4.17.1. In-depth supply chain impact assessments to avoid disruptive changes for workers. These impact assessments must also better reflect the impact of decarbonising transport at a regional level.

4.17.2. The provision of adequate funding to support regions facing difficulties as a result of the decarbonisation agenda, bearing in mind the importance of social conditionality in State aid.

4.17.3. The need to anticipate change at all levels (sites, companies, regions and sectors) through plans developed with the social partners.

4.17.4. A massive effort by public authorities and companies to retrain and up-skill workers.

Brussels, 12 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

Opinion of the European Economic and Social Committee on ‘Proposal for a Regulation of the European Parliament and of the Council establishing a framework for ensuring a secure and sustainable supply of critical raw materials and amending Regulations (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1724 and (EU) 2019/1020’

[COM(2023) 160 final — 2023/0079 (COD)]

and on ‘Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — A secure and sustainable supply of critical raw materials in support of the twin transition’

(COM(2023) 165 final)

(2023/C 349/22)

Rapporteur: **Maurizio MENSI**

Co-rapporteur: **Michal PINTÉR**

Referral	European Parliament, 8.5.2023 Council of the European Union, 16.5.2023
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Outcome of vote (for/against/abstentions)	183/1/6

I. RECOMMENDATIONS ⁽¹⁾

THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE:

1. welcomes the European Commission’s ambition to prepare a coherent EU policy on critical and strategic raw materials and on the development of value chains in the extractive, refining and recycling industries, in line with the Green Deal objectives and all related legislation;
2. calls upon the European Commission to ensure a comprehensive approach with coordinated EU policies to provide regulatory certainty for investments in exploration, extraction, processing, refining and recycling of raw materials (RM), their by-products and essential minerals, based on economic and technical feasibility, policy coherence and legal certainty for business operators in these sectors;
3. calls for the coordination of RM policy with EU social policies and for the support of EU-wide capacity building in terms of skills for extractive industries, targeting the re-skilling and up-skilling of the existing workforce, as well as the development of governance capacity in EU Member States’ public administrations;
4. recommends including other materials crucial for green tech/cleantech sectors in the critical and strategic raw materials lists, bearing in mind that such lists shall be regularly updated and based on a thorough, transparent and evidence-based assessment of criticality and/or strategic value, carried out in consultation with industry representatives and experts;

⁽¹⁾ These recommendations are supplemented by amendment proposals at the end of this document.

5. calls upon the current and new European Commission to ensure access to competitive energy prices and targeted financing for EU extractive industries and recycling, while also ensuring that permitting and licensing procedures for new RM projects are simplified and shortened and any new reporting or auditing requirements for businesses are kept to the minimum necessary;
6. supports effective implementation of trade defence measures to protect the newly-developing RM projects in the EU and to address unfair trade practices and restrictions with WTO-compliant responses;
7. recommends prioritising critical and strategic raw materials in recycling and waste legislation and supporting the secondary raw materials markets, especially for materials crucial for the green transition;
8. recommends supporting CRM exploration and extraction projects on EU soil with public funding, by means of coordination with State aid rules;
9. recommends ensuring coordination between the proposed CRMA and the EU antitrust tools to avoid undue distortions in the internal market;
10. suggests exploring avenues for specific partnerships and cooperation agreements with candidate countries as well;
11. recommends striking the right (environmental) balance in assessing the consistency with other EU policies.

II. EXPLANATORY NOTES / ELABORATION

1. On 16 March 2023, the Commission presented its proposal for a new regulation aiming to secure access to critical and strategic raw materials (CRM regulation or CRMA), along with a communication. While the regulation sets a regulatory framework to support the development of domestic capacities and strengthen the sustainability and circularity of the CRM supply chains in the EU, the communication proposes measures to support supply chains' diversification through new international mutually supportive partnerships.
2. The general objective of the CRMA is to address the lack of secure and sustainable access to critical raw materials (CRMs) for the EU by increasing EU industry's awareness and mitigation of CRM-related risks in the global supply chain, increasing the EU CRM value chain's capacity in the internal market and reducing the environmental footprint of the EU's CRM consumption.
3. By proposing a coherent EU approach to improving and ensuring the security of supply of CRMs, the initiative will help prevent the potential distortion of competition and fragmentation of the Single Market that is likely to result from such uncoordinated actions, and maintain a level playing field for businesses within the EU.

Ensure a comprehensive approach with coordinated EU policies to provide regulatory certainty for investments

4. The EU is currently dependent on imports for many raw materials (RM) (75 % to 100 % of supply) and is therefore exposed to vulnerabilities along supply chains and significant price volatility. According to the OECD Global Material Resources Outlook to 2060, the world's use of raw materials is projected to nearly double by 2060 and the use of metals is projected to grow the fastest, for both primary and secondary metals. At the same time, the EU produces less than 5 % of world production of mineral RM. China alone provides around 75 % of global production capacity of lithium-ion battery cells and hosts the world's top ten suppliers of photovoltaics (PV) equipment. In contrast, only about 3 % of global production capacity of lithium-ion battery cells is in the EU.

5. The CRM regulation foresees identifying and supporting Strategic Projects in the field of extraction, processing or recycling of strategic RM. In order to attract such investments — with relatively long timeframes — the Commission should address the issue of regulatory certainty. A predictable and stable regulatory environment is critical for attracting investments not only in RM exploration and extraction, but also in processing and recycling.

6. Multiple legislative frameworks have an influence on the stability and attractiveness of the EU business environment, and the often competing and multiplied reporting requirements contribute to regulatory uncertainty (see, inter alia, the Industrial Emissions Directive ⁽²⁾, Batteries Regulation ⁽³⁾, REACH revision, waste legislation, ESPR, Net-Zero Industry Act, the new EU industrial policy, Circular Economy Action Plan, Ecodesign Directive ⁽⁴⁾, etc.). Therefore, it is crucial to avoid double regulation or overregulation, so as to attract and stimulate investments into the domestic industrial capacity for exploration, mining, refining, material processing and recycling. The CRMA should build upon the Commission's work in other areas, and should be fully aligned with the Green Deal objectives and consistent with related legislation. The CRM policy should be evidence-based to the maximum extent possible, taking into account available data (see the 2020 JRC Foresight Study 'Critical Raw Materials for Strategic Technologies and Sectors in the EU', or the JRC Science for Policy report 'Supply chain analysis and material demand forecast in strategic technologies and sectors in the EU').

7. Another issue relates to the need to provide precise guidance to stakeholders as to how the lists of strategic and critical raw materials will be implemented in EU policies and adapted in view of the future CRM market evolution. The CRM list can help highlight the importance and the role of certain substances in the EU economy towards policymakers, but it is necessary to go further if the CRM-listed substances are to be duly supported in current as well as upcoming legislation. A clear prioritisation of CRMs in policymaking is necessary, especially in areas of industrial policy, trade policy, State aid, R & D&I, climate and environment, as well as in chemicals legislation. All these policies and their aims should be aligned to create enabling conditions and a favourable regulatory regime for CRMs and for the development of their value chains. Further clarification is also necessary with regard to the prioritisation of projects where the main extracted material is neither strategic, nor critical, but the by-products are (e.g. an iron ore extraction project leading to extraction of rare earths as by-products). Additionally, a clarification of the status of 'other', i.e. 'non-strategic' projects, is needed, so that it can be clearly understood how and under what timelines such projects will be assessed and financially supported. Finally, increased prioritisation of strategic RM projects should under no circumstances lead to the deprioritisation of other important RM projects or projects along the RM value chain.

8. Besides providing legal certainty to stakeholders, Commission initiatives on RM should be based on broader public support. The expansion of mining, processing and recycling industries will create new jobs and contribute to economic progress, yet there is a key concern of ensuring public acceptance. Raising awareness among citizens is of paramount importance: the Commission shall implement targeted communication strategies to inform EU citizens about the benefits, as well as the sustainability and environmental impact of new, CRM-related industrial investments and to address the concerns of particular stakeholder groups, local communities and EU citizens related to the expansion of exploration and mining activities.

Coordination with EU social policies: support EU-wide capacity in terms of skills for extractive industries

9. The RM sector provides about 350 000 jobs within the EU, as well as more than 30 million jobs in manufacturing that depend on reliable access to mineral RMs. Securing a sustainable supply of raw and advanced materials for the EU will require more than 1,2 million new jobs by 2030 ⁽⁵⁾. The CRMA should thus be aligned with the EU's social policies and

⁽²⁾ Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (recast) (OJ L 334, 17.12.2010, p. 17).

⁽³⁾ Regulation (EU) 2023/1542 of the European Parliament and of the Council of 12 July 2023 concerning batteries and waste batteries, amending Directive 2008/98/EC and Regulation (EU) 2019/1020 and repealing Directive 2006/66/EC (OJ L 191, 28.7.2023, p. 1).

⁽⁴⁾ Directive 2009/125/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for the setting of ecodesign requirements for energy-related products (recast) (OJ L 285, 31.10.2009, p. 10).

⁽⁵⁾ EIT Raw Materials estimation.

support capacity building effort at Member State level to strengthen the workforce in CRM supply chains, extractive industries, processing and recycling. It is crucial to support education and skills-building in academia, but also to target industry professionals within the RM sector and the PA of Member States with capacity building efforts. This could be achieved via the establishment of new (and/or support for already existing) dedicated institutions to support higher education and professional training for the RM sector, and to re-skill and up-skill the existing EU workforce. Finally, enhanced effort should be devoted to creating and supporting applied learning and technology transfer between academia, industry and research organisations.

Include other materials crucial for green tech/cleantech sectors and ensure consistency with other policies

10. In addition to those materials listed as strategic or critical in the CRMA, there are non-critical RMs that could become critical in the mid to long-term. This requires a flexible list which can be easily adapted and should be regularly updated, at least every two years and more often where needed, depending on future developments in the field. The assessment of the strategic importance of different materials should also be sector-specific to reflect the demand in different manufacturing sectors. Furthermore, an assessment of access to essential raw materials should be carried out, to fully complement the efforts of the Commission to support critical and strategic RMs.

11. The assessment should reflect the EU's priorities and needs for the energy transition, potentially through to 2030, and include materials for which no apparent risk of supply disruption exists today, but that are in high demand in sectors critical to the EU's decarbonisation aims and the green and digital transitions, or that are considered to be essential minerals. The focus on these priority agendas should also appropriately cover basic value chains, such as food security or medical. The identification of materials to be included in the different lists should always be based on a thorough, transparent and clearly defined analysis for assessing their criticality and/or strategic value, reflecting the entire value chain of RMs, processing requirements and availability of substitutes. Industry representatives and experts should be regularly consulted and a functioning, open dialogue between the Commission and the industry should be ensured.

Ensure access to competitive energy prices and better targeted financing for EU industries

12. The ongoing energy crisis has had a critical impact on all EU businesses, but especially on energy-intensive industries, including the extractive sector and recycling. A coordinated EU response is necessary to ensure a well-functioning EU energy market. The success of any EU CRM policy depends on reliable access to sufficient amounts of fossil-free electricity at competitive prices. The EESC would welcome a reform of available funding frameworks, mirroring the ambitions of US IRA — financing more strongly aimed at the commercialisation phase and covering OPEX costs, as opposed to the current EU financing priority for the R & D phase of new strategic projects. While a focus on innovative technologies and research is important, the resulting products should also be appropriately supported in the commercialisation phase.

13. The Commission's ambition to speed up permitting procedures is very welcome and it should be prioritised, to achieve the maximum length of 12–18 months for such procedures. New, critical projects should be assessed under accelerated deadlines and strict deadlines should be set for the maximum length of permitting/licensing procedures. Any reform of permitting procedures should aim to shorten their duration and decrease their complexity, while also maintaining rigorousness of ESG standards. The speed-up of the permitting procedure shall also be ensured by strengthening the one-stop-shop mechanism. The latter shall be framed within pre-defined deadlines in order to make the centralised authorisation procedure more effective and less burdensome. Reformed permitting provisions should apply to exploration, mining, refining, processing and recycling facilities, and should provide sufficient regulatory certainty with regard to their outcomes. In addition, any new reporting or auditing requirements in the CRMA should be limited to the extent necessary, so as not to impose additional administrative burdens on EU businesses, irrespective of their size. The envisaged CRM Board plays a crucial role in supporting the implementation of the CRMA, including the authorisation procedures. To this end, in order to make sure that its monitoring tasks are effective, it is advisable to include in the Board not only institutional representatives, but also independent technical experts in the field.

Address unfair trade practices and restrictions

14. Despite the ambitious aims of the CRMA, there are natural limitations to the availability of certain raw materials in the EU and therefore imports will remain crucial for the transition to a green and digital economy.

15. Effective trade defence measures will need to be maintained to provide protection for new European investments and ensure a level playing field with third countries. A modernisation of the EU's trade defence measures is necessary to protect against third-country dumping. In particular, the EU should aim to ensure faster implementation of trade defence measures to counter unfair imports, have quicker and more efficient investigations and allow for the wide implementation of provisional measures early on.

16. EU action in the area of trade policy should be complementary to the aims of the CRMA and related policies, including social rights, and should prioritise the swift conclusion of Free Trade Agreements (FTAs) with resource-rich countries that are currently being negotiated or waiting for ratification (Australia, Indonesia, etc.). With regard to FTAs already concluded, the existing provisions relevant to energy and RMs should be assessed and strengthened where possible. Attention should also be paid to the coherence of trade policy and customs rules/rules of origin applicable to raw materials, as well as to specific issues related to circumvention of sanctions applicable to RMs.

Prioritise critical and strategic raw materials in recycling and waste legislation and support the secondary raw materials markets

17. Recycling is important for enhancing the EU's strategic autonomy. The EU should support its waste treatment and processing industry by preparing secondary raw materials to be recycled in production processes, and amend existing waste legislation so as to prioritise recycling and the circularity of critical and strategic RM with the highest technical and economic potential for recycling (feasibility). It should also support secondary RM markets. With regard to secondary RM, the EESC suggest that measures should be taken to establish well-functioning markets and minimise scrap leakage.

18. Secondary raw materials can contribute to decreasing dependence on certain CRMs and should therefore be considered under the scope of the CRMA. As one of the many examples, effective recycling of ferrous scrap can lower the RM supply needs for metal manufacturing. Ferrous scrap is expected to become scarce before 2030, resulting in possible supply disruption, despite being a critical ingredient for the energy transition.

19. The CRMA should ensure access to all critical materials for industries and EVs. This includes not only rare earth elements, manganese, materials crucial for the green transition, including steel, aluminium and copper, industrial minerals, graphite or nickel, but also secondary RMs. Metals are crucial infrastructure enablers for the green transition, and such enablers should be properly identified and given due consideration under the CRMA, across their entire value chains.

Economic and environmental studies on the pollutant impact of critical raw material extraction: coordination with State aid provisions

20. Considering the degree of uncertainty around the effective presence of CRMs in the EU, the risk involved in starting exploration and extraction projects on EU soil will reasonably be taken, only if financially supported by public funding. As the CRMA also requires such campaigns to be compliant with the Green Deal objectives, the EESC suggests that public funding should be granted more easily if the extractions are based on preliminary economic and environmental studies assessing the pollutant impact of CRMs extraction.

21. In the event that such preliminary studies fall outside the scope of the Strategic Projects envisaged under the CRMA, their public financing should be encouraged by means of coordination with State aid rules, and, more specifically, with the newly adopted 2023 Green Deal GBER amendment. Said preliminary studies shall indeed be qualified as 'environmental aid' or 'RDI aid', and, when they involve several Member States, as 'Important Projects of Common European Interest' (IPCEI).

22. Effective coordination with EU State aid measures already at a preliminary R & D stage could indeed ensure that the public funding supporting the subsequent implementation of Strategic Projects is effectively channelled towards sustainable objectives and ensure, in the specific case of IPCEIs, that they pursue a coordinated result. Public funding mechanisms (e.g. fast-track and easier access to financial mechanisms such as loans/loan guarantees/grants) may also be introduced only with respect to investments carried out by EU companies within FTA projects.

Antitrust tools: mergers regulation to favour EU champions in the recycling and extraction of critical RM

23. Taking, as necessary preconditions, both the still unexplored availability of CRMs within the EU and the substantial investments required to implement a secure and sustainable CRM supply chain, it may be advisable to adapt some of the EU antitrust tools to facilitate the objectives established under the CRMA, while avoiding undue distortions of competition in the internal market (e.g. it may be helpful to apply the merger control framework in a more flexible and sustainable-oriented way, taking into account not only the Green Deal objectives (as already envisaged by the European Commission) but also the CRMA aims).

24. Therefore, it would be advisable to assess mergers in the light of the strategic projects to be implemented under the CRMA, in order to strike the right balance between the various interests at stake.

25. Competition authorities should thus be called to consider new types of efficiencies, i.e. reducing supply disruptions and increasing industrial preparedness in the event of external CRM shortages. Such assessments should also look at the Commission's aim of aggregating the demand of interested buyers of CRMs, and ultimately contribute to the reduction of current high prices.

International engagement and resource diversification: the involvement of candidate countries and coordination with bilateral cooperation in international fora

26. In line with the Commission's objective to diversify external sources of CRMs, the EESC recommends exploring avenues for specific partnerships and cooperation agreements, including with candidate countries. Such partnerships may include EU-funded projects to develop exploration campaigns in new selected sites and/or in dismissed mining sites, in line with the strategic projects that will be launched in the EU Member States under the new Commission proposals.

27. Such partnerships may be subject to the candidate countries' commitments to align their environmental policies to the EU *acquis* in a faster way. The inclusion of such partnerships within the framework of currently on-going accession negotiations may reasonably have a twofold benefit for the EU as a whole, by increasing the chances that the domestic sources of CRMs will increase in the future and by making it easier for candidate countries to comply with EU environmental legislation (e.g. in the field of waste, water, industrial pollution and air quality).

28. The CRMA shall be coordinated, not only with other EU policies and international trade actions, but also with the bilateral cooperation implemented by the EU in international fora (i.e. the EU-US cooperation in fora such as the Minerals Security Partnership, the Conference on Critical Materials and Minerals and the International Energy Agency Critical Minerals Working Party recently strengthened by the EU-US Energy Council).

29. The CRMA shall provide the EU not only with a domestic self-sufficiency as to CRMs, but also with the external autonomy to set new standards on the global scene when it comes to ensuring the security and sustainability of their relative supply chains. A standard-setter role for the EU on the global stage will further increase chances to reach the overall objectives set under the Commission's proposal to tackle pollutant and unfair trade practices of CRMs across the world.

Long-term objectives v short-term objectives in assessing the consistency with other EU policies: striking the right (environmental) balance

30. In conclusion, it cannot be excluded that in the long run the effective implementation of the CRMA may require a remodelling of certain specific Green Deal objectives closely linked to the CRMA in the short-term. Indeed, the prospect of an (almost) self-sufficient EU, even if it requires more time to be fully effective, may ultimately render sustainability/climate neutrality targets more attainable in the long-term (also considering the relatively higher pollution caused by current methods of material extraction in some developing countries).

III. PROPOSED AMENDMENTS TO COM(2023) 160 final

Amendment 1

Recital 29

Text proposed by the Commission	CESE amendment
<p>(29) Private investment by companies, financial investors and off takers is essential. Where private investment alone is not sufficient, the effective roll-out of projects along the critical raw material value chain may require public support, for example in the form of guarantees, loans or equity and quasi-equity investments. This public support may constitute State aid. Such aid must have an incentive effect and be necessary, appropriate and proportionate. The existing State aid guidelines, which have recently undergone an in-depth revision in line with twin transition objectives, provide ample possibilities to support investments along the critical raw materials value chain subject to certain conditions.</p>	<p>(29) Private investment by companies, financial investors and off takers is essential. Where private investment alone is not sufficient, the effective roll-out of projects along the critical raw material value chain may require public support, for example in the form of guarantees, loans or equity and quasi-equity investments. This public support may constitute State aid. Such aid must have an incentive effect and be necessary, appropriate and proportionate. The existing State aid guidelines, which have recently undergone an in-depth revision in line with twin transition objectives, provide ample possibilities to support investments along the critical raw materials value chain subject to certain conditions. <i>The Commission and Member States should provide greater clarity as to how State aid rules would be used and introduce grant, loan and tax credit mechanisms to support the EU existing industrial capacities and the creation of new facilities in the EU and reliable partner third countries. These should be focused on both operational and capital expenditure.</i></p>

Reason

Current State aid-envisaged measures are unclear and lack mechanisms to support the existing industrial capacities that got hit significantly by the soaring energy prices the creation of new critical raw materials facilities in the EU and abroad.

Amendment 2

Article 1(2), point (a) (new point)

Text proposed by the Commission	CESE amendment
	(a) <i>set a transparent and clearly defined methodology for the assessment of materials to be included in the strategic raw materials list, including through the use of technical factsheets, similar to the methodology applied to the critical raw materials list. Future strategic and critical raw materials lists should be accompanied by an impact assessment of existing EU legislation and the impact it has on materials on those lists.</i>

Reason

Critical raw materials are assessed through a criticality assessment based on a specific methodology which includes a long and thorough validating process with the assistance of external experts, industry representatives and research institutes. On the contrary, the identification of strategic raw materials was not based on a published methodology nor did it include previous consultations. Incorporating strategic raw materials in to the critical raw materials list (Annex 2) implies that all of materials have met the thresholds set by the CRM methodology, which is misleading.

Amendment 3

Article 1(3)

Text proposed by the Commission	CESE amendment
<p>3. Where, based on the report referred to in Article 42, the Commission concludes that the Union is likely not to achieve the objectives set out in paragraph 2, it shall assess the feasibility and proportionality of proposing measures or exercising its powers at Union level in order to ensure the achievement of those objectives.</p>	<p>3. Where, based on the report referred to in Article 42, the Commission concludes that the Union is likely not to achieve the objectives set out in paragraph 2, it shall allow for a certain level of flexibility to best reflect the uniqueness of the value chain of the raw material targeted, as each material has specific properties and challenges associated with its sourcing, processing and recycling. It should focus on maintaining existing capacities and supporting them. An open and constant dialogue between industry and policymakers should be encouraged to identify benchmarks that are both technically and economically feasible, as well as in line with the EU's objectives.</p>

Reason

The benchmarks in terms of sourcing, processing and recycling are too general and unrealistic, and may result in unintended and negative consequences. Provisions should be carefully considered against the economic and technical difficulties associated with their implementation and the risk of overburdening EU industry, in particular SMEs.

Amendment 4

Annex I

Text proposed by the Commission	CESE amendment
<p style="text-align: center;">ANNEX I</p> <p style="text-align: center;">Strategic raw materials</p> <p style="text-align: center;">Section 1</p> <p style="text-align: center;">List of strategic raw materials</p> <p>The following raw materials shall be considered strategic:</p> <p>(a) Bismuth</p> <p>(b) Boron – <i>metallurgy grade</i></p> <p>(c) Cobalt</p> <p>(d) Copper</p> <p>(e) Gallium</p> <p>(f) Germanium</p> <p>(g) Lithium – <i>battery grade</i></p> <p>(h) Magnesium <i>metal</i></p> <p>(i) Manganese – <i>battery grade</i></p> <p>(j) <i>Natural</i> Graphite – <i>battery grade</i></p> <p>(k) Nickel – <i>battery grade</i></p> <p>(l) Platinum Group Metals</p> <p>(m) Rare Earth Elements <i>for magnets</i> (Nd, Pr, Tb, Dy, Gd, Sm, and Ce)</p> <p>(n) Silicon <i>metal</i></p> <p>(o) Titanium <i>metal</i></p> <p>(p) Tungsten</p>	<p style="text-align: center;">ANNEX I</p> <p style="text-align: center;">Strategic <i>primary and secondary</i> raw materials</p> <p style="text-align: center;">Section 1</p> <p style="text-align: center;">List of strategic raw materials</p> <p>The following <i>primary and secondary</i> raw materials shall be considered strategic, <i>including their respective carrier metals and minerals with which these strategic raw materials are extracted</i>:</p> <p>(a) Bismuth</p> <p>(b) Boron</p> <p>(c) Cobalt</p> <p>(d) Copper</p> <p>(da) <i>Ferrous scrap (including stainless)</i></p> <p>(e) Gallium</p> <p>(f) Germanium</p> <p>(g) Lithium</p> <p>(ga) <i>Magnesite/magnesia</i></p> <p>(h) Magnesium</p> <p>(i) Manganese</p> <p>(j) Graphite</p> <p>(k) Nickel</p> <p>(ka) <i>Phosphorous</i></p> <p>(kb) <i>Potash</i></p> <p>(l) Platinum Group Metals</p> <p>(m) Rare Earth Elements (Nd, Pr, Tb, Dy, Gd, Sm, and Ce)</p> <p>(n) Silicon</p> <p>(o) Titanium</p> <p>(p) Tungsten</p> <p>(pa) <i>Zinc</i></p>

Amendment 5

Annex II

Text proposed by the Commission	CESE amendment
<p style="text-align: center;">ANNEX II</p> <p style="text-align: center;">Critical raw materials</p> <p style="text-align: center;">Section 1</p> <p style="text-align: center;">List of critical raw materials</p> <p>The following raw materials shall be considered critical:</p> <ul style="list-style-type: none"> (a) Antimony (b) Arsenic (c) Bauxite (d) Baryte (e) Beryllium (f) Bismuth (g) Boron (h) Cobalt (i) Coking Coal (j) Copper (k) Feldspar (l) Fluorspar (m) Gallium (n) Germanium (o) Hafnium (p) Helium (q) Heavy Rare Earth Elements (r) Light Rare Earth Elements (s) Lithium (t) Magnesium (u) Manganese (v) Natural Graphite (w) Nickel – battery grade (x) Niobium (y) Phosphate rock (z) Phosphorus 	<p style="text-align: center;">ANNEX II</p> <p style="text-align: center;">Critical primary and secondary raw materials</p> <p style="text-align: center;">Section 1</p> <p style="text-align: center;">List of critical raw materials</p> <p>The following primary and secondary raw materials shall be considered critical, including their respective carrier metals and minerals with which these critical raw materials are extracted:</p> <ul style="list-style-type: none"> (a) Antimony (b) Arsenic (c) Bauxite (d) Baryte (e) Beryllium (f) Bismuth (g) Boron (h) Cobalt (i) Coking Coal (j) Copper (k) Feldspar (ka) Ferrous scrap (including stainless) (l) Fluorspar (m) Gallium (n) Germanium (o) Hafnium (p) Helium (q) Heavy Rare Earth Elements (r) Light Rare Earth Elements (s) Lithium (sa) Magnesite/magnesia (t) Magnesium (u) Manganese (v) Graphite (w) Nickel (x) Niobium (y) Phosphate rock (z) Phosphorus

Text proposed by the Commission	CESE amendment
(aa) Platinum Group Metals	(aa) Platinum Group Metals
(bb) Scandium	(aaa) Potash
(cc) Silicon metal	(bb) Scandium
(dd) Strontium	(cc) Silicon metal
(ee) Tantalum	(dd) Strontium
(ff) Titanium metal	(ee) Tantalum
(gg) Tungsten	(ff) Titanium metal
(hh) Vanadium	(gg) Tungsten
	(hh) Vanadium
	(ii) Zinc

Reason for amendments 4 and 5

Certain materials can usually only be mined together with another, base metal — such as rare earths with iron ore — and cannot be mined separately. In addition, certain materials are necessary in the ecosystem of production, refining and recycling of materials, e.g. magnesite for smelters — without this material, it is not possible to recycle metals/materials using high temperatures. We should avoid limitations in this area (both for critical and strategic RMs) and avoid prescribing specific uses to specific raw materials in the value chain. Otherwise only the last refining step would be eligible, yet not the extraction.

The transition to a low carbon and circular economy makes secondary raw materials increasingly important as they help reduce the dependence on virgin raw materials, support resource efficiency, waste reduction, and sustainability. In addition, some of these materials are essential for industry decarbonisation, the green transition and the achievement of net zero goals.

Amendment 6

Article 2, point (15) (new point)

Text proposed by the Commission	CESE amendment
	(15) Strategic Raw Materials Project means any planned facility or planned significant extension or repurposing of an existing facility active in extraction, processing or recycling of raw materials listed in Annex II, including where these raw materials occur as by-products of extraction and processing of carrier raw materials that are not listed in Annex I or II.

Reason

Strategic raw materials frequently exist as by-products of a carrier (base) metal or mineral. It is necessary to provide more clarification regarding the inclusion of extractive projects for such base and carrier metals and minerals under the purview of CRMA strategic projects.

Amendment 7

Article 3a (new article)

Text proposed by the Commission	CESE amendment
	<p style="text-align: center;">Article 3a</p> <p>1. <i>Secondary raw materials shall be considered in the lists of strategic (Annex I) and critical (Annex II) raw materials.</i></p> <p>2. <i>The Commission shall review at least every two years, and, if necessary, update the list of strategic and critical secondary raw materials, part of Annex I and Annex II, taking into consideration their strategic role in decarbonisation and green transition, high forecasted demand growth or scarcity at global level, difficulty of increasing collection/recovery in the EU; high potential for recovery of critical raw materials in the EU.</i></p>

Reason

Secondary raw materials play an important part in the decarbonisation of European industries, especially those producing strategic technologies for the green and digital transitions. Recognising their strategic value supports responsible sourcing and reduces virgin material extraction. A sub-list of strategic secondary raw materials should be established within the strategic raw materials list, considering, inter alia, these criteria: strategic role in decarbonisation and the green transition; forecasted global demand growth; difficulty of collection, recovery, or recycling in EU; high potential for critical raw material recovery. The assessment should take into account the latest available data, as well as the predicted evolution of demand-supply over an appropriate reference period, to address future scarcity or supply disruptions.

Amendment 8

Article 5(1), point (c)

Text proposed by the Commission	CESE amendment
<p>(c) the project would be implemented sustainably, in particular as regards the monitoring, prevention and minimisation of environmental impacts the use of socially responsible practices including respect of human and labour rights, quality jobs potential and meaningful engagement with local communities and relevant social partners, and the use of transparent business practices with adequate compliance policies to prevent and minimise risks of adverse impacts on the proper functioning of public administration, including corruption and bribery;</p>	<p>(c) the project would be implemented sustainably, in particular as regards the monitoring, prevention and minimisation of environmental impacts especially in the long term and on a global scale, the use of socially responsible practices including respect of human and labour rights, quality jobs potential and meaningful engagement with local communities and relevant social partners, and the use of transparent business practices with adequate compliance policies to prevent and minimise risks of adverse impacts on the proper functioning of public administration, including corruption and bribery;</p>

Reason

Striking the right balance between long-term sustainability objectives with short-term objectives (also taking the relatively higher pollution caused by current methods of material extraction in some developing countries and the circumstance that we live in the same planet).

Amendment 9

Article 19(1), point (e) (new point)

Text proposed by the Commission	CESE amendment
	(e) unfair trade practices. The Commission shall maintain and strengthen trade defence measures, in order to ensure a level playing field. The EU should also prioritise establishing WTO-compliant incentives to ensure a level playing field globally. These could take the form of consumer incentives for sustainable European raw materials or support to manufacture more advanced facilities.

Reason

The European raw materials industry is at a global competitive disadvantage and needs to be assured that trade defence measures will be used to protect the industry from unfair trade practices.

Amendment 10

Article 35(1)

Text proposed by the Commission	CESE amendment
1. The Board shall be composed of Member States and the Commission. It shall be chaired by the Commission.	1. The Board shall be composed of Member States and the Commission and technical independent experts . It shall be chaired by the Commission.

Reason

The envisaged CRM Board plays a crucial role in supporting the implementation of the CRMA, including the authorisation procedures. To this end, in order to make sure that its monitoring tasks are effective, it is advisable to include in the Board not only institutional representatives, but also technical independent experts in the field.

Brussels, 12 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

Opinion of the European Economic and Social Committee on the Joint Communication to the European Parliament and the Council — European Union Space Strategy for Security and Defence

(JOIN(2023) 9 final)

(2023/C 349/23)

Rapporteur: **Maurizio MENSI**

Co-rapporteur: **Jan PIE**

Referral	European Commission, 2.5.2023
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Consultative Commission on Industrial Change
Adopted in section	22.6.2023
Adopted at plenary	12.7.2023
Plenary session No	580
Outcome of vote (for/against/abstentions)	170/1/1

1. Conclusions and recommendations

1.1. The EESC supports the EU's acknowledgement of the security and defence dimension of space, symbolised by the publication on 10 March 2023 of the Joint Communication to the *European Parliament and the Council on the European Union Space Strategy for Security and Defence* (the Strategy).

1.2. The EESC shares the stated common understanding of the new geopolitical context with the serious problems caused by the Russian invasion of Ukraine, the criticality of space assets and services, and the necessity to develop measures aiming at protecting and defending these, which is an indispensable step in devising a serious Europe-wide space policy.

1.3. The EESC agrees that before even enhancing the resilience and protection of space systems and services, the identification of threats is a priority, for which the involvement of all relevant actors, including industry, social actors and civil society, in the mapping and recommendations exercise needs to be ensured by the EU institutions. It will be important to encourage organised civil society to fully understand the relevant public interest and the benefits of the strategy for citizens in order to improve its legitimacy and strengthen public support, due to the relevant civilian applications of the space technologies.

1.4. The EESC recommends enhancing the resilience and protection of space systems and services in the Union in the current worrying geopolitical context. The EESC notes that an underlying challenge in relation to this objective is the capability to increase the current low level of public investment, reduce its fragmentation, and promote a European value-added approach in a context where Europe is far behind the United States, China and Russia in terms of public investments in space.

1.5. The EESC believes that enhancing the resilience and protection of space systems and services in the Union also means implementing measures to support technological sovereignty and resilience of critical industrial value chains to ensure non-dependence. In this regard, the EESC strongly recommends that the key role of industry in the identification of dependence issues and mitigation measures is fully recognised and highlighted.

1.6. The EESC wishes to recall that the way space permeates and brings added value to humanity is increasingly recognised and confirmed by world leaders. Today, the European space sector is tackling some of the most pressing challenges of our times, such as monitoring climate change, helping to stimulate technological innovation, and providing concrete socioeconomic benefits to citizens' daily lives. Institutions, business and citizens increasingly rely on space technology, data and services for communication, navigation and positioning systems, and earth observation (e.g. immediate information and on-the-spot communications when disasters strike). The role of space is essential for citizens

and for Europe's strategic autonomy, as well as in global diplomacy, in embracing the European identity, and in inspiring and motivating the next generations.

1.7. The EESC very much welcomes a future 'EU Space Law' to cover safety, security and sustainability and standardisation that goes in the direction of a needed EU approach to Space Traffic Management (STM) ⁽¹⁾.

1.8. The EESC is convinced of the necessity for all the actions related to industry (e.g. competitiveness, critical technologies, security of the supply chain) to be integrated as part of a coherent and European-wide industrial policy, in a context of a very strong dependence of the European space industry on very limited open markets.

1.9. The EESC insists that even if specific measures are needed and can be useful for dealing with particular situations, those measures can only make sense and be fully efficient if they combine a tailor-made procurement policy, an ambitious and efficient research and development policy, and support for the market uptake of European-developed space technologies and services, also addressing export markets, in particular through economic diplomacy.

1.10. The EESC is convinced that an ambitious, but also coherent, support to research and innovation is a cornerstone of the sustainability of the space sector and of its capacity to serve public policy needs. Europe needs a stronger and more consistent support for R&I to maintain its position in space and to ensure the availability of a domestic industry able to design, deliver and exploit state-of-the-art space systems.

1.11. In areas where cooperation with third countries is key, the EESC underlines the importance of preserving European sovereignty and avoiding non-European dependencies in strategic areas while promoting collaboration and interoperability, with reciprocity and mutual benefit with the US and other like-minded third parties as common rules.

1.12. The EESC believes that the Strategy must be followed by concrete and rapid actions in terms of targeted budget, schedules for implementation of the actions, and job creation ⁽²⁾. Such an accurate roadmap must be devised by the EU following a European-wide coordination of the actors involved in space activities.

2. Background

2.1. As the COVID crisis revealed Europe's lack of autonomy and control relating to critical network infrastructure, Russia's invasion of Ukraine has further accelerated the path towards strengthening and reinforcing the security and defence dimension of space.

2.2. At institutional level, this was symbolised by two key milestones:

2.2.1. The Versailles Declaration, issued on 11 March 2022 by leaders of the European Union in response to the Russian invasion of Ukraine, puts a special emphasis on space for defence activities as EU leaders notably agreed to *enhance the security and defence dimension of space industries and activities*.

2.2.2. A Strategic Compass for Security and Defence, issued on 21 March 2022 by the European Commission, under the leadership of the EU's High Representative for Foreign Affairs and Security Policy. Identifying space as an increasingly contested domain with strong defence implications, the Strategic Compass has many repercussions for the European space sector.

2.3. These EU initiatives have been complemented by other cooperative programmes; for example in the context of the ESA Council at Ministerial Level 2022, which proposed several security-in-space and -from-space initiatives for Member State contributions.

⁽¹⁾ In line with Opinion of the European Economic and Social Committee on the Proposal for a Regulation of the European Parliament and of the Council establishing the Union Secure Connectivity Programme for the period 2023–2027 (COM(2022) 57 final — 2022/0039 (COD)) and Joint Communication to the European Parliament and the Council: An EU Approach for Space Traffic Management — An EU contribution addressing a global challenge (JOIN(2022) 4 final) (OJ C 486, 21.12.2022, p. 172); and *New Space*.

⁽²⁾ In particular women's employment.

2.4. Russia's invasion of Ukraine has shown, beyond the benefit of doubt, the absolute criticality of space as a key asset. The war has also shown the relevant and defining impact of commercial assets in complement to governmental assets and strategies — hence the importance of regular public-private interaction and cooperation, in particular concerning technical and operational capabilities.

3. General comments

3.1. The EESC recognises the absolute criticality of space as a key asset for independent and informed decision-making and action-taking by European policymakers in relation to crisis management and security, which is an indispensable step in devising a serious Europe-wide space policy. It will be important to encourage organised civil society to fully understand the relevant public interest and the benefits of the strategy for citizens in order to improve its legitimacy and strengthen public support, due to the relevant civilian applications of the space technologies.

3.2. Europe's efforts towards gaining credible and assured autonomy in space for the implementation of its strategic autonomy are now a reality, and represent an increasingly shared challenge across the continent. The EESC believes that all efforts, whether civil or military, national or European, public or private must converge towards efficiency and reliability for security users, as highlighted in the Action Plan on synergies between civil, defence and space industries⁽³⁾, hence the need for strengthened public-private partnerships and potential partnerships with like-minded countries.

3.3. There is an ever-increasing risk of new threatening actors targeting space systems to impact critical services enabled by satellites. The EESC finds it increasingly vital that Europe's growing interest in and reliance on space-based services is accompanied by measures aiming to protect and defend space-based capabilities and services, in order not to expose Europe's society and economy to even more critical vulnerabilities.

3.4. The EESC is convinced that Member States must fully assert their responsibility and commitment to world peace and security by strengthening their freedom of action towards and in space relying on their sovereign capability and assets, and considers it one of the most direct and critical tools at their disposal to exert action and influence. To do so, they must guarantee the resilience of their space industry and the security of their supply and services infrastructure for the benefit of their citizens. In this context, ensuring Europe's sovereign and sustainable access to space is a non-debatable priority.

4. Specific comments

4.1. *The space threat landscape*

4.1.1. The EESC welcomes the identification of threats that could be responsible for the disruption, degradation or destruction of space systems via the preparation of an annual space threat landscape analysis, deemed key to understanding the hostile environment in which space and ground infrastructure and services are evolving today and tomorrow.

4.1.2. The EESC recognises that such an assessment would help to prevent sensitive capabilities (including skills, technologies, assets and building blocks) being acquired by potentially hostile countries or organisations with the aim of guaranteeing European governance and control of 'sensitive capabilities'.

4.1.3. The EESC believes that the European space industry (large and small entities), research and technology organisations, and academia views and inputs need to be encompassed by the European Commission and the EEAS in the elaboration of the annual space threat landscape analysis, and in the identification of the recommendations and measures that will result therefrom.

4.1.4. The EESC is convinced that such a process would allow the private sector to:

(a) Work on new R & D priorities specific to already-known threats or a new type of threat that would be arising;

⁽³⁾ COM(2021) 70 final.

- (b) Raise awareness among customers and institutional players of the need for preventive approaches;
- (c) Define new standards at European level and therefore contribute to the standardisation process at global level;
- (d) Exchange best practices between public and private entities;
- (e) Adapt 'ground' approaches to space.

4.2. *Enhancing the resilience and protection of space systems and services in the EU*

4.2.1. An EU-wide security framework for the protection of space systems, information sharing and cooperation on space security incidents

4.2.1.1. The EESC believes that global regulatory initiatives and unilateral decisions regarding STM are likely to create a challenging environment for European actors. Reforms undertaken outside of Europe could indeed potentially hamper the European space sector's ability to compete on a level playing field and affect its sustainability, and further jeopardise European sovereignty as an overarching objective of the EU in relation to space.

4.2.1.2. The EESC is convinced that the European Union has an opportunity to seize to be at the forefront of discussions and provide the grounds to protect key European space infrastructure and associated services. By being proactive and by promoting EU Member State cooperation instead of fragmentation, the European Union will allow the European space sector to use agreed rules and procedures to its advantage, and further promote them at global level. A more harmonised and cooperative approach between Member States would encourage common investments in EU defence and industry more broadly. In this regard, the possibility of joint procurement could enhance the efficiency of the demand side and contribute to the competitiveness and efficiency of the European space and defence industry ⁽⁴⁾.

4.2.1.3. The EESC believes that reinforcement of the potential of spill-over technologies and industries, such as aerospace and technologies that have both military and civil applications ('dual use'), would have major impacts on both the industrial and military development of the EU.

4.2.1.4. Regarding security and cybersecurity, the EESC fully agrees that the 'security by design' requirement is essential for resilience. Common European security standards are also essential as long as they are used in a practical way, as the definition and adoption cycles are often too long in the competitive market faced by the European space sector. This means that:

- (a) They need to be developed in parallel to the development of the technology;
- (b) An agile certification process needs to be laid down;
- (c) The inclusion of start-ups and SMEs through their ability to meet security requirements requires better institutional support and collaboration within the supply chain;
- (d) New standards need to be developed.

4.2.1.5. The EESC notes that the CER Directive ⁽⁵⁾ ('on the resilience of critical entities') and the NIS2 Directive ⁽⁶⁾ ('on measures for a high common level of cybersecurity across the Union') are applicable only at Member State level and not at EU institution level. The EESC believes that these directives should be applied to EU-owned assets as well.

⁽⁴⁾ As underlined in Opinion of the European Economic and Social Committee on Proposal for a Regulation of the European Parliament and of the Council on establishing the European defence industry Reinforcement through common Procurement Act (COM(2022) 349 final) (OJ C 486, 21.12.2022, p. 168).

⁽⁵⁾ Directive (EU) 2022/2557 of the European Parliament and of the Council of 14 December 2022 on the resilience of critical entities and repealing Council Directive 2008/114/EC (OJ L 333, 27.12.2022, p. 164).

⁽⁶⁾ Directive (EU) 2022/2555 of the European Parliament and of the Council of 14 December 2022 on measures for a high common level of cybersecurity across the Union, amending Regulation (EU) No 910/2014 and Directive (EU) 2018/1972, and repealing Directive (EU) 2016/1148 (NIS 2 Directive) (OJ L 333, 27.12.2022, p. 80).

4.2.2. Strengthening the technological sovereignty of the EU space sector

4.2.2.1. The EESC fully welcomes the will to aim at increasing the budget of the European Defence Fund and Horizon Europe as, in relation to the latest stages of development, the EU has seemed so far unable to align its budget — and related financial instruments — with its stated ambitions to bring advanced technologies to the required readiness level.

4.2.2.2. In the context of the ‘re-energisation’ of the Joint Task Force, the EESC believes that a single process should be laid down leading to a single agreed and shared repository of critical situations. The presence of the European space industry as a key stakeholder in the process is important, because dependence reduction could improve European sovereignty as much as it contributes to industrial competitiveness.

4.2.2.3. The EESC wonders about the future respective roles and interactions of the Joint Task Force and the Observatory of Critical Technologies and highlights the need for better synergies between them.

4.2.2.4. The EESC favours the establishment of new alliances and Important Projects of Common European Interest (IPCEI) related to technologies relevant for space and defence, as these could contribute to increasing the level of funding and the development and sustainability of double sources in Europe.

4.2.3. Addressing risks to security in the space sector in the EU

4.2.3.1. Addressing risks to security in the space sector in the EU via the protection of its supply chains and procurement rules that fully guarantee security of supply is very much welcome.

4.2.3.2. The EESC believes however that it is key that these actions be widely integrated as part of a coherent and European-wide industrial policy for space.

4.2.4. Developing capabilities, including EU autonomous access to space, to increase resilience

4.2.4.1. The EESC agrees that self-protective payloads, responsive launchers, space situational awareness capabilities, in-orbit servicing, and a secured sovereign cloud dedicated to space applications are key technologies/capabilities for resilience.

4.2.4.2. The EESC believes that long-term EU independent access to space should be ensured, as Europe cannot depend on third countries for the launch of its space capabilities and for the maintenance of its own space infrastructure. In this regard, applying the principle of European preference in launchers for institutional launches is a must.

4.2.5. Responding to space threats

4.2.5.1. The EESC believes that detecting threats requires the development of a fully-fledged and autonomous Space Traffic Management architecture, relying, inter alia, on the establishment and supporting of funded programme lines to further develop European STM capabilities (Space Surveillance and Tracking — SST, Space Domain Awareness — SDA) and speeding up the deployment of commercially viable, competitive and scalable European SST and STM capabilities (7).

4.2.5.2. In this sense, the EESC fully agrees with the strong focus of the Joint Communication on Space SDA capabilities provided that it relies on industry’s support, expertise and capabilities — in addition to European and EU Member States’ capabilities — every step of the way.

(7) In line with Opinion of the European Economic and Social Committee on the Proposal for a Regulation of the European Parliament and of the Council establishing the Union Secure Connectivity Programme for the period 2023–2027 (COM(2022) 57 final — 2022/0039 (COD)) and Joint Communication to the European Parliament and the Council: An EU Approach for Space Traffic Management — An EU contribution addressing a global challenge (JOIN(2022) 4 final) (OJ C 486, 21.12.2022, p. 172); and New Space.

4.2.5.3. The EESC encourages the efforts of the EU Member States to be strongly coordinated at EU level in support of the objective of increased European open strategic autonomy, in line with the transatlantic partnership alliance, collaboration with key strategic partners such as the United States and United Kingdom, engagement at multilateral level and possibly prepare the way for capability at EU level.

4.2.5.4. The EESC recognises the importance of space exercises, as coordination between Europeans should be stronger, more efficient and have more weight with respect to our allies, in particular the United States. This supposes to build a common culture of space operations.

4.2.6. Enhancing the use of space for security and defence

4.2.6.1. The EESC agrees that improving the contribution of space to European defence capabilities also means relying on already-existing European Flagship Programmes, and improving them with a security and defence dimension.

4.2.6.2. The EESC stresses that an extension of Copernicus towards security capabilities would mean a significant increase in the programme objectives, which should be carefully assessed particularly in relation to the associated risks for the Copernicus Programme's funding capacities and its current open data policy.

4.2.6.3. The EESC underlines the importance on the contribution of the Strategy to the EU Green Deal and associated industrial ecosystems. In particular, Copernicus, considered to be a world-class reference for climate change and environmental monitoring, directly contributes to addressing and finding solutions to climate change and to supporting Europe's role on the world stage. As Copernicus has become the globally-accepted standard for science-grade imagery and data quality, it needs to be further supported with unfailing ambitions.

4.2.6.4. Concerning IRIS², the EESC strongly supports a programme that will help the Union remain a leading international player with freedom of action in the space domain.

4.2.6.5. The EESC is convinced of the necessity for all the actions related to industry (competitiveness, critical technologies, security of the supply chain, etc.) to be integrated as part of a coherent and European-wide industrial policy, in a context of a very strong dependence of the European space industry on very limited open markets.

4.2.6.6. The EESC wishes to underline that space is an innovative and constantly evolving sector. To ensure the competitiveness of European space activities, the development of professional skills requires constant adaptation and improvement. As industry recruitment trends have been strong in recent years, and are expected to remain strong in the near future, this needs to be further accompanied with concrete actions such as the institution of an EU Space Academy.

4.2.7. Partnering for responsible behaviours in outer space

4.2.7.1. The EESC agrees that to ensure secure, sustainable and reliable use of space-based capabilities, partnerships and joint ventures with other regions, entities and like-minded third parties are essential.

4.2.7.2. If cooperation is key, the EESC alerts that preserving European sovereignty and autonomy should be included as a must while promoting collaboration and interoperability, with reciprocity and mutual benefit with the United States and other like-minded third parties as common rules.

Brussels, 12 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

Opinion of the European Economic and Social Committee on the Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee and the Committee of the Regions on the review of the crisis management and deposit insurance framework contributing to completing the Banking Union

(COM(2023) 225 final)

on the Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 806/2014 as regards early intervention measures, conditions for resolution and funding of resolution action

(COM(2023) 226 final — 2023/0111 (COD))

on the Proposal for a Directive of the European Parliament and of the Council amending Directive 2014/59/EU as regards early intervention measures, conditions for resolution and financing of resolution action

(COM(2023) 227 final — 2023/0112 (COD))

on the Proposal for a Directive of the European Parliament and of the Council amending Directive 2014/59/EU and Regulation (EU) No 806/2014 as regards certain aspects of the minimum requirement for own funds and eligible liabilities

(COM(2023) 229 final — 2023/0113 (COD))

(2023/C 349/24)

Rapporteur: **Giuseppe GUERINI**

Co-rapporteur: **Christophe LEFÈVRE**

Referrals	8.12.2022, letter from the Spanish Ministry of Foreign Affairs, European Union and Cooperation Council of the European Union, 23.6.2023 (COM(2023) 229 final), 11.7.2023 (COM(2023) 226 final), 11.7.2023 (COM(2023) 227 final) European Parliament, 12.6.2023 (COM(2023) 229 final), 10.7.2023 (COM(2023) 226 final and 227 final), European Commission, 2.6.2023 (COM(2023) 225 final)
Legal basis	Articles 114, and 304 of the Treaty on the Functioning of the European Union
Section responsible	Economic and Monetary Union and Economic and Social Cohesion
Adopted in section	27.6.2023
Adopted at plenary	13.7.2023
Plenary session No	580
Outcome of vote (for/against/abstentions)	175/0/2

1. Conclusions and recommendations

1.1. The EESC appreciates the Commission's comprehensive initiative to complete the bank crisis management and deposit insurance (CMDI) legislation, as advancing the Banking Union is a key step towards strengthening the European single market in the interests of depositors and taxpayers.

1.2. The EESC believes that the recent banking crises in the United States of America (USA) highlight the importance of speed in containing the risk of contagion and the loss of confidence of investors and depositors, as well as the need for flexibility in responding to bank crises. The recent experience also shows the importance of organising the transfer of a troubled bank to another bank properly in a very short space of time.

1.3. The EESC appreciates that the Commission proposal extended the Deposits and Guarantee Scheme (DGS) protection to the deposits of public authorities, as well as the fact that the Commission is working towards enhanced harmonisation of deposit protection tools across the EU. Since adequately funded and organised Deposit Insurance Funds (DIFs) play a fundamental role, the enhanced harmonisation proposed by the Commission will be certainly beneficial.

1.4. The EESC notes that one of the main objectives of the Commission proposal is to broaden the scope of application for banking resolution. The EESC fully understands the Commission's approach, the context, its regulatory rationale and the long-term objectives.

1.5. Looking at recent banking crises, the EESC points to the need for a pragmatic and flexible approach based on the peculiarities of the different cases at hand in terms of: (i) regulatory approach; (ii) choice of the most effective available tools; (iii) practical implications of the actions undertaken; (iv) necessary cooperation between stakeholders; (v) speed of execution; and (vi) nature of the financial resources to be used in implementing the chosen solutions for crisis management.

1.6. The EESC believes that resolution might not always be the most convenient solution for fully protecting the economic ecosystems in which a troubled bank operates. When resolution might actually prove to be more expensive than liquidation, then those banks should go into insolvency.

1.7. The EESC agrees with the Commission that the public interest assessment could be refined, adopting a more transparent and harmonised approach across the EU. While acknowledging that achieving a balance between flexibility and predictability is a very difficult task for regulators, the EESC encourages the co-legislators to find solutions that reduce legal uncertainty as much as possible.

1.8. The EESC deems it necessary to strike an appropriate balance between an enhanced formulation of the 'public interest assessment' (PIA) and the proportionality of its application with respect to small, medium-sized and local banks. Expanding the PIA to include banks that play an important role regionally still leaves some room for uncertainty in the current framework.

1.9. The EESC reiterates the importance of respecting the proportionality principle in order to achieve a regulation fit to achieve its objectives without excessively harming the interest of small, medium-sized and local banks. The proportionality principle should also be considered in the application of the PIA, especially when it comes to local banks, which do not present a risk to financial stability.

1.10. While acknowledging the different competences between banking regulation and State aid regulation, the EESC believes that the entire CMDI package should be properly coordinated with the expected revision of the 2013 Communication on State Aid⁽¹⁾ in the banking sector. Otherwise, there is a risk of implementing proposals that are potentially inconsistent with State aid legislation, leading to unpredictability and legal uncertainty.

1.11. The Commission has concentrated on enhancing the transfer strategy tool with the use of the DGS with the possibility to reach the Single Resolution Fund, subject to adequate safeguards. This could be a step towards a European Deposit Insurance Scheme, but inefficiencies will continue to exist until the Banking Union is complete, as the market will still be fragmented.

2. Context and referral to the EESC from Spain

2.1. The Spanish government requested an exploratory opinion from the European Economic and Social Committee on the Banking Union proposal, focusing its attention on the need to promote broader application of the PIA applied to include banks, especially medium-sized and small banks, in the harmonised resolution procedure in the event of a crisis.

⁽¹⁾ Communication from the Commission on the application, from 1 August 2013, of State aid rules to support measures in favour of banks in the context of the financial crisis ('Banking Communication') (OJ C 216, 30.7.2013, p. 1).

2.2. On 18 April 2023, the Commission issued four different legislative proposals to strengthen the EU's existing CMDI framework, focusing on medium-sized and smaller banks ⁽²⁾.

2.3. According to the Commission, 'experience has shown that many failing medium-sized and smaller banks have been managed with solutions outside the resolution framework' ⁽³⁾, sometimes involving the utilisation of 'taxpayers' money instead of the bank's required internal resources or private, industry-funded safety nets (DGSs and resolution funds)' ⁽⁴⁾, creating a strong negative impact on the economy and on the perception of society.

2.4. Hence, the new proposed rules allow authorities to make use of resolution as a key component of the crisis management toolbox, emphasising that resolution could be less disruptive than liquidation for clients as they keep access to their accounts and the bank's critical functions are preserved.

2.5. The Commission proposals also facilitate the use of DGSs in crisis situations in order to shield depositors from bearing losses, where this is necessary to avoid contagion to other banks and more widespread harm to communities and the economy. By relying on industry-funded safety nets (such as DGSs and resolution funds), the proposal also tries to preserve taxpayers' money in the event of banking crises.

2.6. The level of coverage of EUR 100 000 per depositor and bank, as set out in the DGS Directive, is confirmed for all eligible EU depositors and will be extended to public entities such as hospitals, schools and municipalities, as well as to client money deposited in certain types of client funds (i.e. by investment companies, payment institutions, and e-money institutions). The Commission proposal also attempts to harmonise the standards of depositor protection across the EU.

3. General comments

3.1. The EESC shares the objectives of the legislative proposals issued by the Commission in order to improve the management of banking crises and to ensure an adequate protection of banks' deposits in case of crisis.

3.2. The EESC appreciates the Commission's comprehensive initiative to complete the CMDI legislation, since improving and advancing the Banking Union is a crucial step towards strengthening the European single market in the interests of depositors and taxpayers. Moreover, completing the Banking Union is key to achieving a genuine Economic and Monetary Union that is able to ensure financial stability and sound crisis management in case of need.

3.3. As stated in previous opinions ⁽⁵⁾, the EESC believes that strengthening the existing CMDI framework is crucial. That has been clearly demonstrated by the recent cases of bank crises in the USA and by the Credit Suisse case, with widespread adverse implications for the stability of the banking system in the United States and Switzerland, as well as on international financial markets in general and the banking sector in particular. In the EU, we are still lacking a liquidity backstop in a resolution process.

3.4. The EESC believes that the abovementioned cases of banking crises highlight, once again, the importance of speed in containing the damage, and especially the risk of contagion, as well as the need for flexibility in responding to banking crises. The decisive role of a liquidity backstop covering immediate liquidity needs and providing time to develop a viable resolution strategy has been also demonstrated.

⁽²⁾ COM(2023) 226 final, COM(2023) 227 final, COM(2023) 228 final and COM(2023) 229 final.

⁽³⁾ Press release, 18 April 2023, European Commission.

⁽⁴⁾ Press release, 18 April 2023, European Commission.

⁽⁵⁾ Opinion of the European Economic and Social Committee on 'Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 575/2013 and Directive 2014/59/EU as regards the prudential treatment of global systemically important institution groups with a multiple point of entry resolution strategy and a methodology for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities' (COM(2021) 665 final — 2021/0343 (COD)) (OJ C 152, 6.4.2022, p. 111), and Opinion of the European Economic and Social Committee on the communication to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee and the Committee of the Regions on completing the Banking Union (COM(2017) 592 final) (OJ C 237, 6.7.2018, p. 46).

3.5. The EESC believes that the recent experience also underlines the importance of organising the transfer of a troubled bank to another bank properly in a very short space of time. It is therefore important to ensure that the regulatory framework provides the right conditions for such transfers, since they need to happen without the usual due diligence procedures and the implications of the transaction are huge and uncertain. Additionally, experience gained so far has shown that there is a need for a general special regime when a bank going through resolution is acquired, that facilitates the integration of the bank into the new group in the most efficient way.

3.6. The integration and management of a resolved bank is a complex process, and the regulatory steps and requirements need to be streamlined. The different authorities involved should be able to duly coordinate their respective roles within the regulatory processes or in the accelerated approval procedures of crisis management measures. Moreover, it is key to ensure that such transfers can also occur across borders in the EU whenever it is necessary.

3.7. The EESC appreciates that the Commission has extended DGS protection to the deposits of public authorities, as well as the fact that it is pursuing enhanced harmonisation of deposit protection tools across the EU. By protecting both private and public savers and retail depositors in the event of a bank failure, deposit insurance minimises the risk of deposit evasion and mitigates the risk of contagion. The EESC considers that this deposit insurance should be adjusted in certain cases in order to take into consideration depositors in a fragile economic situation, such as disabled persons or people with long-term illnesses. Since properly funded and organised DIFs are key, the enhanced harmonisation proposed by the Commission will certainly be beneficial.

3.8. The EESC notes that one of the main objectives of the Commission proposal is to enlarge the scope of application of resolution, should this solution be considered in line with 'the public interest'. Liquidation can only take place if: (i) it can satisfy — more effectively than resolution — the objectives that the Bank Recovery and Resolution Directive sets out for the resolution itself; and (ii) there is no need to use public funds.

3.9. The EESC fully understands the Commission's approach, its regulatory rationale and the long-term objectives. At the same time, the EESC points to the need for a pragmatic approach — as the recent US bank crises have demonstrated — regarding the regulatory approach, the use of the most effective available tools, the practical implications of the actions undertaken, the necessary cooperation between stakeholders, the speed of execution and, lastly, the financial resources to be used in implementing the chosen crisis management tools.

3.10. The EESC believes that resolution might not always be the most convenient solution for fully protecting the economic ecosystems in which a troubled bank, especially a small or medium-sized bank, operates. It is worth noting that, when it comes to small and medium-sized banks, resolution might actually prove to be more expensive than other forms of intervention, especially at the — often limited — local level where the bank works. In this respect, the EESC suggests that the market share of medium-sized, small and local banks without any cross-border activity could be evaluated with reference to the overall national market share and not on a regional basis within Member States.

3.11. The EESC believes that the entire CMDI package should be duly coordinated with the expected revision of the 2013 Communication on State Aid⁽⁶⁾ in the banking sector, which has played a role in triggering the current unpredictability as to whether resolution should be activated or not. Adopting the CMDI regulatory proposals without knowledge of the State aid rules could mean implementing proposals that are potentially inconsistent with State aid legislation.

3.12. As a general comment, the EESC reiterates the importance of respecting the proportionality principle in order to achieve a regulation fit to fulfil its objectives without excessively harming the interests of small, medium-sized and local banks. The proportionality principle should also be considered in performing the PIA, especially when it comes to local banks, which do not present a risk to financial stability.

⁽⁶⁾ Communication from the Commission on the application, from 1 August 2013, of State aid rules to support measures in favour of banks in the context of the financial crisis ('Banking Communication') (OJ C 216, 30.7.2013, p. 1).

4. Specific comments

4.1. The EESC agrees with the Commission that the PIA could be refined, with a more transparent and harmonised approach across the EU. While acknowledging that achieving a balance between flexibility and predictability is indeed a very difficult task for regulators, the EESC notes that the legislative proposals at hand do not seem to fully eliminate the considerable amount of discretion previously granted to the authorities involved, leaving some legal uncertainty.

4.2. The EESC considers it necessary to strike an appropriate balance between an enhanced formulation of the 'public interest criterion' and the proportionality of its application with respect to small and local banks. Expanding the scope of the PIA to include banks that play an important role regionally still leaves some uncertainty in the current framework.

4.3. Since the scope of the PIA seems wider than that of the previous rules in order to include a broader range of cases than in the past, the EESC considers it crucial that the least cost test (LCT) (i.e. lower burden in preventive/alternative DGS interventions with respect to pay-out) operates efficiently to ensure enough room for manoeuvre where the conditions are in place to prevent/deescalate the crisis using alternative resolution tools.

4.4. The EESC highlights the uncertainty raised by the legislative proposals with regard to the allocation of competences, especially with regard to how powers and responsibilities will be distributed among the national and European authorities potentially involved in the complex decision-making process regarding the management of banking crises. In such a context speed of execution is crucial, as recently demonstrated by several cases in both the EU and US.

4.5. The EESC observes that minimum requirement for own funds and eligible liabilities (MREL) requirements should be set out and applied on the basis of the size and specific risk profile of the banks concerned, with the dual aim of ensuring a level playing field among significant banks with comparable operativity, on the one hand, and protection of the specific business model embraced by small and local banks as well as by banks operating in specific and dedicated sectors/industries, on the other hand.

4.6. With regard to the MREL, the alleged proportionality in the definition of the requirement embraced by the European Commission remains unclear. The MREL would always consist of, as in the case of banks that have already adopted the requirement, an additional capital reserve necessary to cover any losses, to which is added an amount for recapitalisation. The EESC considers it important to adapt the MREL requirements to the various bank sizes and business models.

4.7. The EESC notes that the role of banks in the EU as well as their different characteristics and business models, which ensure a stronger and diversified European banking system, should be reinforced and preserved across the EU. Banking rules should duly consider the need of real economic growth and its long-term impact on economic growth in Europe, as well as its social impact on employment. In this respect, the EESC believes that it is far better to create conditions and tools to prevent and avert the crisis than to intervene with rescue operations afterwards, whenever such options are possible and available.

4.8. Early interventions might often prove to be effective and less costly than resolution. Procedures for preventive and alternative measures are set out in the DGS Directive and managed by national DGSs according to harmonised rules and existing safeguards in several EU Member States. A review of the creditor hierarchy shall be implemented, in order to allow a well-functioning LCT and, as a consequence, the implementation of early intervention measures. It is also important to achieve European harmonisation or at least the development of guidelines for calculations under the 'least cost principle'.

4.9. National DGSs and guarantee schemes are a key component of the safety net provided by the EU framework to safeguard financial stability and boost market confidence. For this reason, DGSs should have a greater role, regardless of their private or public legal nature or the voluntary or mandatory nature of the contributions that make up their resources. What matters is their public function and the strict market approach they follow to make choices under the supervision of the competent authorities.

4.10. The role of DGSs has proven to be particularly important for small and medium-sized banks (least significant institutions), which have limited market access capacity to issue MREL-eligible instruments. It is worth noting that several banks, including small and local ones, have shown the ability to effectively implement preventive measures that can address crises properly.

4.11. As previously mentioned in a number of opinions ⁽⁷⁾, the EESC reiterates that the European financial and banking 'ecosystem' should be diversified, sustainable and able to recognise the crucial role played by small and medium-sized banks at local level, their overall relevance at national level and the added value such banks create for local communities, as well as the positive effect for the society as a whole of increased competence in the banking sector. The role of Cooperative Credit Banks ⁽⁸⁾, 'ethical banks' and the local or sectorial level, as in the case of cooperative banks and ethical banks for social economy entities, is decisive in this respect and in line with the social market economy principle enshrined in the EU Treaties.

4.12. On the other hand, the role of larger cross-border banking groups should also be recognised as, when organised as subsidiaries, they provide better diversification, are less dependent on parent institutions and allow for easier separation of subsidiaries from the group, thereby reducing the risk of contagion and increasing stability. International European banks are of critical importance in contributing to the internationalisation of European firms.

4.13. The EESC calls for appropriate coordination between the Banking Union rules on crisis management and the deposit insurance framework, on the one hand, and the application of the state aid rules set out in Article 107 TFEU ⁽⁹⁾ on the other hand. This coordination should avoid legal uncertainty and differing legal treatment between banks located across the EU. The principle established by the Court of Justice of the EU that schemes financed by private funds do not fall within the scope of Article 107 TFEU (*Tercas*) should be duly considered in this respect ⁽¹⁰⁾.

Brussels, 13 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

⁽⁷⁾ Opinion of the European Economic and Social Committee — Additional considerations on Recommendation for a Council recommendation on the economic policy of the euro area (COM(2021) 742 final) (own-initiative opinion) (OJ C 75, 28.2.2023, p. 43) and Opinion of the European Economic and Social Committee on the 'Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 806/2014 in order to establish a European Deposit Insurance Scheme' (COM(2015) 586 final — 2015/0270 (COD)) (OJ C 177, 18.5.2016, p. 21).

⁽⁸⁾ Opinion of the European Economic and Social Committee on 'Promoting a more inclusive and sustainable Banking Union by improving the contribution of community banks to local development and building a socially responsible international and European financial system' (own-initiative opinion) (OJ C 364, 28.10.2020, p. 14).

⁽⁹⁾ OJ C 115, 9.5.2008, p. 91.

⁽¹⁰⁾ Judgment in Case C-425/19 P.

Opinion of the European Economic and Social Committee on ‘Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2019/881 as regards managed security services’

(COM(2023) 208 final) — 2023/0108 (COD)

and on ‘Proposal for a Regulation of the European Parliament and of the Council laying down measures to strengthen solidarity and capacities in the Union to detect, prepare for and respond to cybersecurity threats and incidents’

(COM(2023) 209 final)] — 2023/0109 (COD)

(2023/C 349/25)

Rapporteur: **Dumitru FORNEA**

Co-rapporteur: **Alberto MAZZOLA**

Referral	European Parliament, 1.6.2023 Council of the European Union, 7.6.2023
Legal basis	Article 114, 173(3) and 304 of the Treaty on the Functioning of the European Union
Section responsible	Consultative Commission on Industrial Change
Adopted at plenary	13.7.2023
Plenary session No	580
Outcome of vote (for/against/abstentions)	174/0/1

1. Conclusions and recommendations

1.1. The European Economic and Social Committee (EESC) welcomes the proposal for a Regulation ⁽¹⁾ and considers that EU coordination is vital to address the current market fragmentation and enhance cooperation among EU private and public stakeholders with a view to improving cyber threat prevention, detection and response capacity. The EESC recommends that the proposal pay greater attention to upholding the principles of subsidiarity and proportionality, in accordance with Article 4(2) of the Treaty on European Union (TUE).

1.2. The Committee acknowledges the European Commission’s efforts in the field of cybersecurity and emphasises that a comprehensive response to cyber incidents should encompass not only capabilities and processes, but also hardware and software elements. However, the EESC is against the numerous implementing powers proposed by the Regulation, especially since cybersecurity remains a Member State prerogative.

1.3. A medium-term strategy for achieving strategic autonomy in key technologies and critical sectors is needed, supporting EU-based companies as they establish research and production facilities. The EESC emphasises the crucial importance of procuring only EU technology to equip national security operations centres (SOCs) with cutting-edge technologies.

1.4. The EESC is concerned that no cybersecurity scheme has been adopted and no product has yet been cyber-certified four years after the adoption of the EU Cybersecurity Act ⁽²⁾. It recommends involving the EU’s sectoral agencies ⁽³⁾ in the development of cybersecurity schemes, and adopting a minimum EU standard in collaboration with CEN, Cenelec and ETSI, including for ‘Internet of People’ (IoP) devices and the internet of Things (IoT).

⁽¹⁾ Proposal for a Regulation laying down measures to strengthen solidarity and capacities in the Union to detect, prepare for and respond to cybersecurity threats and incidents.

⁽²⁾ Regulation (EU) 2019/881 of the European Parliament and of the Council of 17 April 2019 on ENISA (the European Union Agency for Cybersecurity) and on information and communications technology cybersecurity certification and repealing Regulation (EU) No 526/2013 (Cybersecurity Act) (OJ L 151, 7.6.2019, p. 15).

⁽³⁾ EASA, ERA, EMA, etc.

1.5. The EESC acknowledges the enhanced role proposed for ENISA and calls for designated personnel and adequate budget allocation for all additional activities to enable ENISA to fulfil its significant strategic role in line with the EU's cybersecurity ambitions.

1.6. Member States should reach a consensus on adopting a holistic cybersecurity approach that encompasses skilled personnel, consistently implemented processes and appropriate state-of-the-art technologies, with specific emphasis on enhancing cooperation with the private sector. Strong links and cooperation between the defence and private sectors are vital.

1.7. The technical specifications of the future IT infrastructure should enable seamless interoperability between national systems and the EU Cyber Shield. National SOCs must also be prepared to conduct national stress tests on critical infrastructure and share the results within the EU Cyber Shield.

1.8. The Committee proposes that each consortium's coordinating SOC should hold a one-year mandate within a common rotation system. EU funding for the Hosting Consortium should cover 100 % of the acquisition costs for tools and infrastructure, and 50 % of the operational costs (as opposed to the proposed 75 %–50 % ratio).

1.9. Since skills shortages in cybersecurity have increased in recent years, the Committee welcomes the Cybersecurity Skills Academy initiative and considers that indicators measuring progress on reducing cybersecurity skills gaps are needed.

1.10. The EESC notes that the European Commission has not provided a precise cost estimation for the required programs, data analytics technologies and infrastructure development projects. It deems the proposed funding sources at EU level to be inadequate and urges the exploration of additional sources, including the pooling of private funding resources.

1.11. The procedure outlined for requesting support from the EU Cybersecurity Reserve appears to be sluggish, lacking clear deadlines for response. The Committee underscores the necessity for a lightning-fast response in the event of a cyber incident.

1.12. The EESC calls for clarification by the European Commission regarding the definition of a 'significant amount of data' mentioned in Article 6(2), point (a) of this Regulation, as well as regarding the 'targets' referred to in point (c) of the same paragraph.

1.13. The Committee considers it crucial that the EU participate in global discussions regarding the establishment of an international cybersecurity strategy. Swiftly investigating cyber-attacks and holding the perpetrators accountable is paramount, including through diplomatic channels in non-EU cases.

1.14. The EESC is disappointed that the social partners and civil society organisations are not mentioned once in the document and emphasises that achieving enhanced cooperation between public and private entities requires the full involvement of EU organised civil society.

1.15. The Committee proposes that the report for the European Parliament and the Council should be presented two years after the Regulation takes effect (and not four as proposed by the Commission), along with the impact assessment which should accompany this Regulation. The EESC insists on the need to implement both precise performance measures that focus on attaining outcomes and Key Performance Indicators (KPIs) that evaluate the results.

2. Introductory comments

2.1. The constant change, anonymity and lack of boundaries in cyberspace present both opportunities and risks for the functioning of the information society at individual, state and transnational level.

2.2. With clear potential for rapid spill-over of cyber incidents from one Member State to another, the EU faces mounting cybersecurity risks and an intricate threat landscape. EU coordination is essential in order to overcome the existing fragmentation and to promote enhanced cooperation between Member States.

2.3. The EU single market needs a homogeneous interpretation and implementation of cybersecurity rules, even if different approaches should be provided for different sectors due to the way they function.

2.4. For a prompt and efficient response to any cybersecurity incident, it is crucial to have a rapid system for exchanging information among all significant stakeholders at national and EU level. This, in turn, necessitates a clear understanding of each party's roles and responsibilities.

2.5. The Committee acknowledges the European Commission's efforts in the field of cybersecurity and appreciates the large number of communications and proposals that focus on building a stronger EU framework, enhanced cooperation, resilience and deterrence-building. Europe requires leading-edge cyber technology, with a strong link between the defence and private sectors, in order to mobilise defence budgets and build cyber products for both military and civilian use. The Committee highlights that the response needed in the event of cyber incidents must cover not only capabilities and processes, but also hardware and software aspects.

2.6. This proposal for a Regulation also puts into effect the EU Cybersecurity Strategy, which was adopted in December 2020 and announced the establishment of a European Cyber Shield to strengthen cybersecurity threat detection and information-sharing capabilities across the EU.

2.7. As the European Cyber Shield is being developed, the European Commission proposes future gradual collaboration with networks and platforms responsible for information sharing in the cyber defence community, in close cooperation with the High Representative.

2.8. Russia's military aggression towards Ukraine has illustrated how offensive cyber operations can be executed as a crucial element of hybrid tactics that involve coercion, destabilisation and economic disruption.

3. General comments

3.1. The EESC welcomes the proposed Regulation, which intends to address the current market fragmentation and expedite collaboration among European stakeholders from the private and public sectors in order to better prevent, detect and respond to cyber threats. Once implemented, it has the potential to contribute to enhancing the resilience of European systems.

3.2. However, it should be pointed out that the same objectives set out in this proposal were highlighted in the Joint Cyber Unit proposal⁽⁴⁾, namely increased cooperation, preparedness, and resilience of EU cyber systems. Although the Cyber Unit was expected to become operational by the end of 2022, it is not mentioned once in the Commission proposal.

3.3. No single technology or tool can provide complete protection against cyber threats; Member States should therefore agree on a holistic approach to security that involves skilled personnel, consistently applied processes, and suitable state-of-the-art technologies. Focus must be placed on better cooperation with the private sector.

3.4. The EESC expresses its disappointment that the social partners and civil society organisations are not mentioned once in the document. Enhanced cooperation between public and private organisations cannot be achieved without full involvement of EU organised civil society.

3.5. The EU should adopt a medium-term strategy towards achieving strategic autonomy in key technologies and critical sectors, and the EESC recommends that EU-based companies be supported in establishing research and production facilities to support an autonomous cyber ecosystem. The EESC has already suggested that 'the EU needs to reduce its dependency on non-EU tech giants by doubling its efforts to develop a secure, inclusive and values-based digital economy'⁽⁵⁾.

⁽⁴⁾ Commission proposes a Joint Cyber Unit to step up response to large-scale security incidents.

⁽⁵⁾ Opinion of the European Economic and Social Committee on Digital Sovereignty: a crucial pillar for EU's digitalisation and growth (own-initiative opinion) (OJ C 75, 28.2.2023, p. 8).

3.6. The proposal to establish the European Cyber Shield, which will be composed of national and cross-border security operations centres (SOCs) and will be equipped with state-of-the-art technologies, is strongly welcomed. To ensure the resilience of the entire supply chain, SOC solutions must not only safeguard internal organisational resources, but also promote secure exchanges and wider cooperation within the ecosystem. The technical specifications of the future IT infrastructure must allow for full interoperability between national systems and the EU Cyber Shield.

3.7. The EESC emphasises the vital aspect of procuring only Europe-based technology for equipping the EU Cybers Shield members with state-of-the-art technologies. The EU cannot afford to risk acquiring critical cyber technologies from foreign companies and it is 'in the EU's strategic interest to ensure that the Union retains and develops the essential capacities to secure its digital economy, society and democracy, to achieve full digital sovereignty as the only way to protect critical technologies, and to provide effective key cybersecurity services' ⁽⁶⁾.

3.8. The Committee considers the proposed proportion for financing the procurement of equipment for national SOCs (50 % from national funding and 50 % from EU funding), involving an equal balance of national and EU funds, to be adequate. A joint effort is needed to ensure proper high-tech equipment and coordinated functioning of the SOC network.

3.9. The national SOCs must focus on establishing comprehensive security evaluation and testing protocols and should carry out periodic assessments. To evaluate and enhance resilience to potential cyber-attacks, they should also be prepared to conduct national stress tests on critical infrastructure. The results must be shared within the European Cyber Shield and joint efforts are needed to assess the existing problems, to update guidance on reporting issues, and to address issues effectively.

3.10. The EESC is concerned that no cybersecurity scheme has been adopted by the European Commission through implementing acts and no product has yet been cyber-certified four years after the adoption of the EU Cybersecurity Act. The EU's sectoral agencies should be involved in the process of developing the EU cybersecurity schemes and a minimum European standard should be adopted, in cooperation with CEN, Cenelec and ETSI, including for IoP devices and IoT.

3.11. Computer science and cybersecurity must be included on primary and secondary school curricula in all Member States. Since skill shortages in cybersecurity have increased in recent years, the Committee deems it necessary to consider potential incentives to support this initiative. The Committee welcomes the Cybersecurity Skills Academy initiative and considers that indicators that measure progress on reducing cybersecurity skills gaps are needed.

3.12. The worldwide digital economy faces a growing threat of cyber-attacks unless there is enhanced international cooperation among countries, industry and experts to establish common definitions and solutions for cybersecurity. International cooperation is vital in order to understand the cyber risks and the changing nature of global cyber-attacks, thus ensuring preparedness to address them. The EU must engage in global discussions on establishing an international cybersecurity strategy, with common international efforts and enhanced cooperation.

3.13. To establish effective deterrence, it is essential to enhance the EU's law enforcement response by concentrating on the detection, traceability and prosecution of cybercriminals. Investigating cyber-attacks promptly and bringing perpetrators to justice is crucial, including through diplomatic means in non-EU cases.

⁽⁶⁾ Opinion of the European Economic and Social Committee on the Joint Communication to the European Parliament and the Council: EU Policy on Cyber Defence (own initiative opinion) (OJ C 293, 18.8.2023, p. 21).

4. Specific comments

4.1. The EESC notes that there is a divergence of visions when it comes to more centralised action at EU level and the powers and jurisdiction of the Member States, and questions the final agreement on this proposal, especially since the Member States made it clear in the 2021 Council Conclusions⁽⁷⁾ that the responsibility for responding to significant cybersecurity incidents and crises affecting their countries lies with them.

4.2. The EESC appreciates the strengthened role for ENISA and the proposed additional responsibilities after the Regulation is adopted. However, the Committee points out that any additional activities for ENISA need to have specific personnel designated for the tasks and to be accorded the appropriate budget. Unless this issue is solved, ENISA's key strategic role cannot be fulfilled in line with the EU's ambitions in the field of cybersecurity.

4.3. The EESC finds the Commission proposal unclear as to whether a national SOC can be part of more than one cross-border SOC. Furthermore, it is also unclear whether the grouping of national SOCs will be made according to geographical criteria or simply based on the free will of the Member States.

4.4. The EESC requests clarification of what 'significant amount of data' means in Article 6, paragraph 2, point (a) of this Regulation and what the 'targets' are that the Commission refers to in point (c) of the same paragraph.

4.5. Should the proposal for cross-border SOCs be embraced by Member States, and to ensure full involvement of national SOCs and shared management with the cross-border SOCs, the coordinating SOC of each consortium should have a mandate of one year, with all SOCs having the opportunity to coordinate the leadership in a rotation system.

4.6. The Committee considers that the EU funding for the Hosting Consortium should be 100 % of the acquisition costs of the tools and infrastructure and 50 % of the operation costs (compared to the 75 %–50 % set out in the proposal), in order help set up the consortia more swiftly. Coordination on procurement should be guaranteed.

4.7. The Committee considers that the effectiveness of the EU Cyber Shield in helping Member States prepare for and respond to cyber incidents needs specific performance measures that focus on achieving tangible outcomes and KPIs that evaluate results. The EESC recommends that cybersecurity breaches be systematically recorded and that this information be made available to legitimate stakeholders. This will enable assessment, implementation of appropriate preventive measures, and protection against potential losses.

4.8. The EESC acknowledges and endorses the proposal to enable Member States to request coverage for costs associated with sending expert teams in the framework of mutual assistance. While the process of mutual assistance should be supported, the solidarity mechanism should be properly and gradually tested in order to prove its effectiveness before it is fully implemented.

4.9. The Committee is worried that more and more international AI tech gurus (Elon Musk, Geoffrey Hinton, etc.) are warning about the existential threat that developing AI in an unregulated environment poses. Regulation of AI must go into greater depth than the Artificial Intelligence Act⁽⁸⁾, and the EESC calls for responsible use of AI technology in all projects in the EU, including cybersecurity. Further discussion and an enhanced regulatory framework are needed immediately.

4.10. The EESC has already mentioned that 'the EU should take a strong stance against any kind of social scoring system against citizens. The EESC makes it clear that true democracy cannot exist without effective personal data protection'⁽⁹⁾. Protecting human rights and citizens' right to privacy must remain essential rules when developing enhanced cybersecurity systems across the EU.

⁽⁷⁾ Council Conclusions from 19 October 2021 on exploring the potential of the Joint Cyber Unit initiative.

⁽⁸⁾ EU Artificial Intelligence Act.

⁽⁹⁾ See footnote 6.

4.11. Europeans have an important role to play in signalling cyberthreats to the relevant authorities. The EESC considers that it is vital to guarantee proper communication channels with the public and civil society organisations, and calls for a designated platform for receiving relevant cyberthreat intelligence. In order to create tools for interaction with the public, the Committee calls for information and awareness-raising campaigns to promote the tools already available.

4.12. The EU and NATO should work together to harmonise cybersecurity and other technical standards in the defence sector in order to minimise bureaucratic hurdles and red tape. Furthermore, the EU and NATO should collaborate on procurement standards and should jointly establish an effective and transparent procurement framework that would enable companies, especially SMEs, to participate in public tenders and compete fairly.

4.13. The EESC considers the proposed available funding sources at EU level to be insufficient, and requests that additional sources be sought, including pooling private funding resources. It notes that the Commission has not offered a specific estimation of the costs for the necessary AI programmes, data analytics technologies and infrastructure development projects in all Member States and at EU level that will be necessary to implement the actions set out in this Regulation.

4.14. The Commission proposes that it be awarded implementing powers to establish uniform conditions for the implementation of this Regulation, including specifying the interoperability conditions between cross-border SOCs, setting procedural arrangements for information sharing during cybersecurity incidents, and defining technical requirements for the European Cyber Shield's security, etc. The EESC considers that all of these issues should have been clarified before and presented in this proposal for a Regulation, since cybersecurity remains a Member State prerogative, and placing too much power to exercise change in the hands of the Commission could generate unnecessary tensions by circumventing the EU democratic system.

4.15. The Cybersecurity Act includes an industrial component which aims to establish a unified market for cybersecurity solutions through the creation of the Cybersecurity Reserve. However, the procedure for requesting support from the EU Cybersecurity Reserve seems very slow, with no clear deadlines for providing a response. The Committee highlights that the response needed in the event of a cyber incident must be lightning-fast, which this long-list procedure will clearly not deliver.

4.16. The European Commission has explained that an impact assessment was not conducted due to the pressing nature of the proposal. It has also proposed to present a thorough report to the European Parliament and the Council four years after the Regulation enters into force. Given the fast-paced developments in the cybersecurity field, the EESC considers that the report should be presented two years after the Regulation enters into force, together with the impact assessment that is missing from this Regulation. Furthermore, it strongly recommends that the proposal pay greater attention to upholding the principles of subsidiarity and proportionality, in accordance with Article 4(2) of the TUE. This is important for preventing tension between centralised EU action and the powers and jurisdiction of the Member States.

4.17. Finally, the EESC emphasises the importance of integrating cybersecurity considerations into all EU policies.

Brussels, 13 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

Opinion of the European Economic and Social Committee on ‘Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Revision of the EU Pollinators Initiative — A new deal for pollinators’

(COM(2023) 35 — final)

(2023/C 349/26)

Rapporteur: **Jarmila DUBRAVSKÁ**

Co-rapporteur: **Veselin MITOV**

Referral	European Commission, 24.1.2023
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Agriculture, Rural Development and the Environment
Adopted in section	28.6.2023
Adopted at plenary	13.7.2023
Plenary session No	580
Outcome of vote (for/against/abstentions)	182/0/3

1. Conclusions and recommendations

1.1. The European Economic and Social Committee (EESC) supports the Commission's ambitious Communication ⁽¹⁾, which responds to the trend of declining wild pollinators in the EU. Nevertheless, it considers that insufficient progress has been made five years after the original initiative, particularly in terms of obtaining the requisite data that would drive policy action forward. The EESC notes a lack of a clear governance on the implementation of the proposed actions and urges the Member States to swiftly endorse the current Communication.

1.2. The decline of pollinators is attributed to a variety of factors, including insufficient food sources, a lack of crop rotation practices, pesticide management in different Member States, pesticide consumption per hectare of agricultural land, the conduct of urban and rural inhabitants, invasion of non-native species of insects and plants, predators, beekeepers' management methods, pathogenic infections including viruses and climate change considerations. The Committee welcomes the introduction of a pan-European system for monitoring and governing pollinators (EU-PoMS).

1.3. The EESC deems it crucial to enhance administrative capability in all Member States and strengthen collaboration among public authorities, private stakeholders, research institutions and agricultural stakeholders. The Committee also highlights a scarcity of specialised professionals in this area.

1.4. The Committee strongly calls for significant funding for R & D&I to amass essential scientific data and undertake appropriate initiatives to reverse the decrease in pollinator populations, including within the Horizon Europe programme. EU-level coordination is essential for ensuring that national data is consolidated and analysed via a dedicated EU platform for pollinators, which allows open access to data.

1.5. The EESC advocates the creation of a programme and strategy for pollinator-friendly urban areas, augmenting land-use management practices to foster diversity among pollinators and conserve natural habitats in urban and peri-urban regions.

1.6. To reach significant progress, the EU and the Member States must rapidly share knowledge and concentrate research on sustainable agriculture practices and effective methods of integrated pest management (IPM).

⁽¹⁾ COM(2023) 35 final.

1.7. The EESC calls for appropriate education for farmers regarding environmental measures through national and regional farm advisory systems, encompassing the use of low-risk pesticides that pose no harm to pollinators and IPM. Training programmes that aim to increase knowledge about pollinator ecology, identification, and habitat restoration are also needed.

1.8. The Committee calls for an EU study aimed at providing accurate data on the impact of electromagnetic radiation emitted by telecommunication antennas on wild pollinators in their natural habitats and on the necessary policy measures to ensure effective pollinator protection.

1.9. The EESC stresses the need to create a metric for light pollution across the EU, using satellite data, in order to evaluate and observe the regional and local effects on pollinators.

1.10. The Committee welcomes the Commission's request for support from the Committee of the Regions for the implementation of the pollinators initiative, but is disappointed that the EESC was not once mentioned in the two initiatives so far, especially regarding its capacity to promote this strategy among different categories of stakeholders, including through raising awareness among the national social partners, civil society organisations and citizens.

1.11. The Committee highlights the need for proper funding to meet the expectations outlined in the Commission Communication and ensure consistency among the different policy measures and instruments that impact the conservation of wild pollinators. Funding must also be provided to better inform the public at large about the decline of pollinators and the impact on our lives, as well the impact of non-action on future generations.

1.12. The implementation of strong measures is essential to safeguard wild pollinators during the pesticide risk assessment process and usage phase. The EESC calls for greater transparency regarding pesticide use within the EU and in third countries.

1.13. The most effective solution is to reach a worldwide agreement to reduce the use of synthetic pesticides, ensuring universal commitment and fair competition. Although this appears to be a difficult task, a holistic approach is needed and more efforts need to be put into international negotiations. This includes a serious discussion about an export-ban of pesticides, which are already banned for use in the EU.

2. General comments

2.1. Recognising the essential benefits of pollinators and the ecosystem services they provide is crucial to attaining several of the UN Sustainable Development Goals. Pollinators serve as a crucial gauge for determining the health of our environment, providing indispensable economic, social and cultural benefits.

2.2. The Commission has prepared a review of the EU pollinators initiative, which seeks to respond to the trend whereby wild pollinators are in decline in the EU. The EESC supports the ambitious Communication but concludes that, five years after the original initiative, little progress has been made, especially with regard to having all the necessary data available that would actually drive policy action forward.

2.3. Pollinators are not only an essential part of functioning ecosystems, but also the base for life on our planet. Thousands of different wild pollinator species are known, with bees being the famous one. Different factors have an impact on the decline of wild pollinators and the EESC emphasises the importance of using the precautionary principle to safeguard them.

2.4. The EESC appreciates the ambitious plans set out in this communication, but notes that it is a long list of future projects that will need sufficient timeframes. The EESC would have expected, due to time pressure, clear short-term measures and actions that would build on the lessons learnt so far, based on the report on the original pollinators initiative^(?). The Committee points to the need for cross-sectoral — and at the same time immediate — action across the Member States, and welcomes the introduction of a pan-European system for monitoring and governing pollinators (EU-PoMS).

^(?) COM(2021) 261 final.

2.5. The EESC urges the Member States to rapidly agree and engage on the actions that have to be taken in the short, medium and long term, and is expecting a swift endorsement of the current Communication.

2.6. *Factors influencing the decline of pollinators*

2.6.1. There are numerous factors that affect the occurrence of pollinators in the wild ⁽³⁾. Among the most important are the environment, the lack of crop rotation and farmers' focus on maximising production, but also the behaviour of urban and rural dwellers. The decline of pollinators can also be attributed to other factors like insufficient food sources, attacks by invasive species of insects and plants, predators, pesticide management in rural and urban areas, beekeepers' hive management practices, and, most significantly, pathogenic infections including viruses and climate change factors.

2.6.2. The Committee notes that there is a clear relationship between pollinator decline and pesticide consumption per hectare of agricultural land and food production within the Member States ⁽⁴⁾. Emergency authorisations of pesticide use by Member States are an example of the problems in practice of how to manage plant protection efficiently and ensure the quality and quantity of production. The European Food Safety Authority determined that alternatives were available for approximately only one third of the exceptions to emergency derogations regarding the use of these neonicotinoids. The EESC recalls the European Court of Justice decision of 19 January 2023 in Case C-162/21 according to which Member States cannot grant any further emergency authorisations for products containing neonicotinoids.

3. **PRIORITY I: Improving knowledge of pollinator decline, its causes and consequences**

3.1. The EESC considers that there is an acute need to increase the administrative capacity in the Member States and the cooperation between public authorities and private stakeholders, including research institutes and scientists, without leaving behind the agricultural sector.

3.2. Sharing knowledge and expertise and undertaking collective efforts among different stakeholders are crucial to devising cost-effective measures and leveraging synergies. Such a comprehensive approach requires effective collaboration among policymakers, stakeholders, and the public at large.

3.3. The EESC notes that in addition to the decrease in pollinator populations, there is also a shortage of human experts in the field. National efforts to ensure data collection must be coordinated at EU level, including data gathering and analysis, within an EU platform dedicated to pollinators that facilitates open access to data. Such a platform enables individuals to contribute to a collective effort, building an open-source community of data and a repository of verified algorithms and models.

3.4. The Committee is calling for concrete and significant R & D & I funding in order to gather all the necessary scientific information and pursue adequate initiatives to reverse the pollinator decline.

3.5. The EESC appreciates the fact that after the initial initiative was adopted, the Commission incorporated a specific topic about pollinators into the 2018–2020 work programme for Horizon 2020. Additional funding for pollinator research must be allocated within the Horizon Europe programme, including but not limited to research on the reasons behind the decline and for monitoring pollinator species and populations within the EU, including in urban areas.

4. **PRIORITY II: Improving pollinator conservation and tackling the causes of their decline**

4.1. The EESC recognises the importance of available data on pollinators to further define strategies in pollinator conservation and expects specific and quantifiable targets at EU and Member State level to restore pollinator populations and habitats in the EU.

⁽³⁾ Opinion of the European Economic and Social Committee on 'European Citizens Initiative — Save bees and farmers' (own initiative opinion) (OJ C 100, 16.3.2023, p. 45).

⁽⁴⁾ Eurostat, Agri-environmental indicator — consumption of pesticides.

4.2. The EESC suggests that a crucial initial action is to map the current and possible urban habitats and networks for pollinators, and supports the Commission initiative to encourage cities to implement the guide for pollinator-friendly cities⁽⁵⁾. Additionally, the EESC advocates the establishment of a programme and vision for cities that are friendly to pollinators, enhancing land-use management to promote pollinator diversity and conserve areas for nature in urban and peri-urban regions. The Committee has already advocated that 'land must be managed carefully in all Member States, ensuring the right balance between competitiveness and sustainability, and providing the necessary funding opportunities'⁽⁶⁾.

4.3. To stabilise the number and abundance of pollinators in the countryside, it is essential to create suitable conditions through the management of farmland. The EESC emphasises that more sustainable food systems will not be achieved without public policies that provide adequate financial support to farmers. The funding from the CAP is not the only possibility to manage support.

4.4. Any measure to help stabilise pollinator distribution must be realistically assessed. Potentially conflicting measures must be ruled out and appropriate measures systematically promoted. The EESC believes that clear governance on the implementation of the proposed actions is lacking, and considers that a significant discrepancy will occur between the efforts of different Member States.

4.5. The high variation in the use of pesticides per hectare of agricultural land across the Member States leads to disparities not only in nature conservation but also in production. The EU and Member States should swiftly expand the distribution of knowledge and focus research efforts on agroecology, sustainable use of pesticides and good practices of IPM.

4.6. The EESC recommends implementing a transparent control system to enforce the same maximum residue levels for pesticides in imported food products as those set for food produced in the Union. The Committee has already called for the Commission to rapidly implement reciprocity of standards in order to limit distortions of competition for European farmers⁽⁷⁾. Consumers should be protected and quality products should be offered at fair prices.

4.7. The EESC calls for appropriate education for farmers on environmental measures through national and regional farm advisory systems, including the use of low-risk pesticides and IPM.

4.8. Indicators of pollinator population status need to be developed by 2024 so that the indicators can be assessed within the CAP. An essential step is to carry out a comprehensive evaluation of the impact of the CAP in preventing the decline of pollinators and to encourage practices that reverse this decline. The Member States should promote directing technical assistance funds provided within the CAP towards pollinators, while using additional funds for the protection of consumers and the environment.

4.9. Flowering strips are a good reservoir for different pollinator species and will undoubtedly contribute to the protection of pollinators. However, they could be a risk to bees and other pollinators if these strips are sown near groundwater and the pesticides in question are still in the soil. To this end, funds would be needed to research and develop a clear methodology for flowering strips.

⁽⁵⁾ European Commission, A guide for pollinator-friendly cities.

⁽⁶⁾ Opinion of the European Economic and Social Committee on 'Proposal for a regulation of the European Parliament and of the Council amending Regulations (EU) 2018/841 as regards the scope, simplifying the compliance rules, setting out the targets of the Member States for 2030 and committing to the collective achievement of climate neutrality by 2035 in the land use, forestry and agriculture sector, and (EU) 2018/1999 as regards improvement in monitoring, reporting, tracking of progress and review' (COM(2021) 554 final) (OJ C 152, 6.4.2022, p. 192).

⁽⁷⁾ Opinion of the European Economic and Social Committee on 'Proposal for a Regulation of the European Parliament and of the Council on the sustainable use of plant protection products and amending Regulation (EU) 2021/2115' (COM(2022) 305 final — 2022/0196 (COD)) (OJ C 100, 16.3.2023, p. 137).

4.10. According to certain scientific studies ⁽⁸⁾, the electromagnetic radiation emitted by telecommunication antennas can impact the population of wild pollinators in their natural habitats. Furthermore, in 2018, the European Commission's Scientific Committee on Health, Environmental and Emerging Risks (SCHEER) rated the risk of electromagnetic radiation (particularly that linked with 5G) negatively impacting the environment as the highest possible ⁽⁹⁾. Additional assessments conducted by the Eklipse programme, as well as independent researchers have confirmed that electromagnetic fields can plausibly harm populations of insects ⁽¹⁰⁾. The Committee calls for an EU study that will provide accurate data on this matter and on the necessary policy actions to ensure efficient pollinator protection.

4.11. The EESC deems necessary that an EU-wide light pollution metric based on satellite data be developed in order to assess and monitor regional and local impact on pollinators.

4.12. The funds provided by EU cohesion policy can be used to invest in protecting and restoring nature and biodiversity, mitigating climate change and ensuring sustainable urban development, such as the implementation of nature-based green infrastructure for pollinators. The EESC appreciates the Commission's recommendation 11.2 in this regard.

5. PRIORITY III: Mobilising society and promoting strategic planning and cooperation at all levels

5.1. The EESC welcomes the Commission's request for support from the Committee of the Regions for the implementation of the pollinators initiative among local and regional authorities. The Committee is, however, disappointed that the EESC was not once mentioned in this initiative ⁽¹¹⁾ or in the original initiative ⁽¹²⁾, especially regarding its role as the voice of EU civil society. It appreciates that specific duties should be given to the EESC to promote this strategy among different categories of stakeholders, including through raising awareness among national social partners and civil society organisations and citizens.

5.2. Specific communication tools should be used for raising awareness among citizens about the decline of pollinators and its impact on our lives — as well the impact of non-action (including economic, social and environmental implications the future generations) — and of promoting information campaigns in the public media in all Member States. Funding must be provided to better inform the public at large, including through social media and prime-time TV short advertising.

5.3. The EESC acknowledges the important role of the Pollinator Coalition of the Willing ⁽¹³⁾, an EU-led platform comprising member nations that are dedicated to exchanging knowledge and best practices, conducting research on preserving pollinators, and offering mutual assistance and cooperation.

5.4. The EESC calls for training programmes aimed at increasing knowledge on pollinator ecology, identification and habitat restoration for farm advisors, farmers, foresters, land managers, and landscape planners.

6. Final remarks

6.1. The Commission has prepared a prioritised list of 42 actions with clear set dates. For the proposed actions, it is appropriate to set out a detailed timetable for preparation and subsequent testing. A timetable established in this way will be both easier to control and easier to achieve for all participants.

6.2. The EESC believes that effective collaboration and appropriate allocation of resources will be crucial to ensure consistency among the different policy measures and instruments that impact the conservation of wild pollinators. The Committee emphasises the significance of matching funds to meet the expectations in the Commission communication.

⁽⁸⁾ Electromagnetic radiation of mobile telecommunication antennas affects the abundance and composition of wild pollinators.

⁽⁹⁾ SCHEER, Statement on emerging health and environmental issues (2018).

⁽¹⁰⁾ Risk to pollinators from anthropogenic electro-magnetic radiation (EMR).

⁽¹¹⁾ COM(2023) 35 final.

⁽¹²⁾ COM(2018) 395 final.

⁽¹³⁾ Coalition of the Willing on Pollinators, Promote Pollinators.

6.3. Improved safeguards are necessary to protect wild pollinators during both the pesticide risk assessment process and the usage phase of pesticides. Failing to adopt a daring strategy to tackle pesticide use puts the future of bees and other pollinators, our entire ecosystem, and the food security of EU residents in jeopardy. Greater transparency regarding the actual use of pesticides within the EU is necessary.

6.4. The Committee believes that the most effective approach and ideal solution is to achieve a worldwide agreement to decrease the use of synthetic pesticides, guaranteeing universal commitment and fair economic competition. Although this seems indeed like a long shot, a holistic approach is necessary and efforts in international negotiations must be intensified. This includes a serious discussion about an export-ban of pesticides to third countries, which are already banned for use in the EU.

Brussels, 13 July 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE

Opinion of the European Economic and Social Committee on

'a) 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 on A Green Deal Industrial Plan for the Net-Zero Age'

(COM(2023) 62 final)

and 'b) Proposal for a Regulation of the European Parliament and of the Council on establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act)'

(COM(2023) 161 final — 2023/0081 (COD))

(2023/C 349/27)

Rapporteur: **Sandra PARTHIE**

Referral	a) European Commission, 27.3.2023 b) European Parliament, 8.5.2023 b) Council, 11.5.2023
Legal basis	a) Article 304 of the Treaty on the Functioning of the European Union b) Article 114 of the Treaty on the Functioning of the European Union
Section responsible	Single Market, Production and Consumption
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Outcome of vote (for/against/abstentions)	193/3/3

1. Conclusions and recommendations

1.1. The European Union (EU) must remain an industrial location. It has to be assertive about its place as a global player and identify the political tools, measures and instruments it needs to become faster, more innovative and attractive once again for investors, while maintaining its social and environmental values, such as functioning social dialogue and social welfare systems, respect for the rule of law and stable institutions.

1.2. The global economic context has changed for the EU, with the multilateral rules-based system in decline and protectionism on the rise. Competition for international investments has become stiffer, not least due to the US Inflation Reduction Act (IRA), but also due to fiercer competition for raw materials, energy price developments and changes to global supply chain set-ups. The EU therefore has to reassess its policy priorities to improve its structural and sustainable competitiveness. In view of the need to strengthen the competitiveness of EU businesses, a competitiveness check must be embedded in the EU's decision-making processes, ensuring a balance between the economic, social and environmental dimensions of the decision-making processes for legislative proposals.

1.3. The European Economic and Social Committee (EESC) is convinced that it will not be possible for either the Green Deal, the Digital Decade, or the industrial, space or automotive sectors to be successful in the future without a strong industrial base. Nor will it be possible without secure and sustainable sources of critical raw materials. As a priority, the EESC asks for an audit to be carried out to identify how the EU can control and improve its value chains and avoid excessive dependencies.

1.4. The EESC underlines that we cannot reach the 2050 climate goals without building a competitive circular economy. Thus, Europe should find ways to become more resource- and material-efficient, by widely rolling out demand-side management measures to reduce demand: ecodesign and circularity, energy efficiency, strengthening the sustainability of products, and supporting targeted innovative practices and techniques.

1.5. Ensuring the existence and development of a diverse industrial sector, with a wide range of sectors and producers and 'industrial ecosystems', including SMEs and social economy actors, should be the basis for Europe's industrial policy. It is important to avoid focusing too narrowly on promoting certain technologies and on picking alleged 'winners' through regulatory actions. Instead, a comprehensive innovation and research support policy is needed.

1.6. The EESC calls on the Commission and the Member States to ensure that the EU industrial plan helps create quality jobs with fair working conditions and good pay, and promotes democracy at the workplace, collective bargaining and respect for collective agreements.

1.7. Public procurement and decisions on how to disperse public funding are important tools for steering industrial policy. It must be ensured that the respective decisions by EU Member States, including State aid and subsidies, do not distort the single market or threaten economic convergence and social cohesion across the EU, but rather target regional development. The EESC criticises the fact that the current Commissions proposals on the Green Deal Industrial Plan (GDIP) and the Net-Zero Industry Act (NZIA) do not take this sufficiently into account.

2. General comments

2.1. The EU must remain an industrial location. The EESC calls for a regulatory framework that attracts, enables and increases industrial production in the EU in a sustainable and socially responsible way. This call applies not only to new technologies but also to manufacturing industries, which are a key component for the resilience of European economies and supply chains, etc.

2.2. The gross domestic product (GDP) is evidence of the deterioration in European competitiveness: GDP per inhabitant in the EU was around 70 % of that in the US in the 2000s; currently it is only just under 66 %. Only 5 % of the world's gross investment took place in China in 1999; in 2020 it was 29 % — more than anywhere else. In the US and the EU, the share has declined significantly in the same period — in the US from 29 % to 20 %, and in the EU from 23 % to only 15 %. The EU has the ability to change this: completing the single market could add more than EUR 700 billion in economic output over 10 years, and a common digital economy could contribute another EUR 178 billion. Then the EU could also continue to successfully establish and promote European standards globally.

2.3. The EU is suffering more than its global competitors from extremely high energy prices and inflation, while at the same time, other global economies are subsidising and favouring their own industries. These are factors that create the risk of deindustrialisation in the EU. To successfully cope with these problems, and other current and future challenges, the structural and sustainable competitiveness and resilience of the EU economy must be strengthened. A fundamental prerequisite for Europe's industrial competitiveness is affordable energy prices and a secure energy supply.

2.4. The global economic context has changed dramatically in recent years; the EU can no longer rely on a functioning multilateral rules-based economic and trade system but faces increasing global market distortions, due to measures such as the US Inflation Reduction Act aimed at supporting US industrial players via tax credits, generous financial support and local content requirements to the detriment of non-US economic actors, or the longer-standing protectionist Chinese subsidy regimes, which also favour national players and follow a nationalist economic agenda. The EU has to respond forcefully and identify the political tools, measures and instruments it needs to become faster, more innovative and attractive once again for investors, while maintaining its social and environmental values.

2.5. Against this background, the EESC welcomes the European Commission's proposals for a GDIP and for the NZIA, which provide guidance and predictability to industrial actors in the EU and constitute a commitment to strengthening Europe's manufacturers and related ecosystems. The efforts involved in the transition to a decarbonised economy by 2050 amount to a second industrial revolution and must be understood as such, including the necessary political, economic and societal commitments.

2.6. In particular, the EESC supports the clear messages in both documents regarding the need for comprehensive investment in the transition towards a sustainable economy and society. The aim of green industrial policy should also be to achieve social welfare gains. We welcome the focus that the NZIA puts on the skills and human resources gaps that are currently slowing the transition down. However, how the stated goals and objectives are to be implemented, and what effective actions will be taken, remain unaddressed.

2.7. The EESC therefore calls on the European Commission to be more specific as to what effective actions it intends to undertake to improve locational factors and the competitiveness of Europe's economies and to set the EU apart from its systemic rivals. These actions should focus on improving connectivity within the Single Market for all Member States, including by developing and upgrading infrastructure and interconnections for transport and energy, including grids.

2.8. The EESC points out that the employers, workers and citizens alike are experiencing difficult times, with an energy supply shock, a labour supply shock, supply chain shocks and inflation; this creates a significant cumulative burden on everyone. The objective for the EU's GDIP and NZIA should thus be to reduce and not add to these burdens.

2.9. The EESC also sees a role for consumers in advancing the transition to net-zero by 2050. Their choices for or against products, and their support, tolerance or lack thereof for manufacturing and production conditions in the EU, but also in third countries, are an important element in bringing about change. The EESC supports their empowerment⁽¹⁾ and underlines the need for conscious decisions by consumers.

3. Specific comments

3.1. *The regulatory environment*

3.1.1. EU policymaking should rely on innovation, excellence and highly competent and skilled people, and focus on cutting red tape and reducing costs wherever possible. As one of the EU's cornerstones, the rule of law provides certainty and stability for the business environment and must be respected in all circumstances. A structured social dialogue on a tripartite basis between governments, trade unions and employers' organisations is indispensable in order to ensure stability, social acceptability and economic resilience.

3.1.2. The NZIA proposes a set of measures to improve the enabling conditions for net-zero technology manufacturing, including a simplified regulatory environment with e.g. faster permitting procedures and one-stop shops in the administration. It is critically important for these faster permitting procedures to apply throughout the value chain of net-zero technology projects, without prejudice to the social and environmental objectives set by the Regulation. While the EESC agrees with this approach, it urges the legislators not to limit these improvements to net-zero technologies but to make them the default for all economic sectors.

3.1.3. The EESC points out that, ultimately, transforming European industry goes well beyond clean-tech manufacturing, because Europe is home to a lot of energy-intensive heavy and primary industries that need to be decarbonised and are not included in the GDIP. A coherent industrial strategy for Europe consists of inclusive economic growth that ensures that all Member States and regions participate in and benefit from the green industrial transition. Therefore, it is crucial for the GDIP to avoid any fragmentation of the single market and to aim for cohesion between Member States and regions.

3.1.4. The EESC is convinced that it is possible to develop a green simplification agenda that improves permitting processes for green projects while complying with environmental laws. Increasing expertise, capacity and skills in local and national authorities is a necessary step, alongside digitalising and simplifying approval processes. Improvements to the efficiency of permitting procedures must be achieved through proper planning and by increasing the capacity of the relevant administrative levels, not least through more staff and trained personnel. In view of the need to strengthen the competitiveness of EU businesses, a competitiveness check must be embedded in the EU's decision-making processes, ensuring a balance between the economic, social and environmental dimensions of the decision-making processes for legislative proposals.

3.1.5. The EESC stresses that regulation must be complemented by other tools such as subsidies, in order to avoid a loss of GDP and welfare. Reporting requirements, notably across the EU's green, digital, and economic legislation, should be streamlined and, where possible, harmonised, in order to avoid a proliferation of rules, regulatory chaos and fragmentation of the single market.

⁽¹⁾ Opinion of the European Economic and Social Committee on the proposal for a Directive of the European Parliament and of the Council amending Directives 2005/29/EC and 2011/83/EU as regards empowering consumers for the green transition through better protection against unfair practices and better information (COM(2022) 143 final — 2022/0092 (COD)) (OJ C 443, 22.11.2022, p. 75).

3.2. *Access to and facilitation of investment*

3.2.1. Economic actors in the EU face fierce global competition. To improve competitiveness, time is of the essence. Therefore, the EESC underlines that decisions on financial support and access to funding must be reached more quickly, including in the context of the various European support programmes such as REPowerEU, InvestEU and other schemes. Lengthy and protracted procedures — an impenetrable funding jungle — will divert investors away from Europe and are detrimental to efforts to attract investments.

3.2.2. The EESC therefore highlights that funding support needs to be workable, timely, and more easily accessible for both operating costs and capital expenditure, for all sizes of enterprises, including SMEs. It calls for an evaluation of existing instruments with the aim of identifying and ramping up the most successful ones. The EESC believes that the GDIP needs to identify when and where public finance is essential for supporting the transition of important industries based on clear conditions, and conversely where private finance can fill the gap, provided the appropriate regulatory incentives are put in place.

3.2.3. The EESC wants to caution that simply relaxing State aid rules without providing additional EU-level financial mechanisms is likely to lead to further divergence across EU economies, as some EU countries may not have the fiscal space for investing in the green transition. Repurposing loans under the Recovery and Resilience Facility (RRF) and REPowerEU to clean industrial sectors can only have an impact if they are complemented by significant grant funding for operations which will not necessarily yield returns on investment, for instance public infrastructure development, grants to households that do not have the resources for renovation and small-scale renewable investments, and education and re-skilling.

3.2.4. The EESC suggests that the GDIP should also focus on developing green public procurement, as this makes public authorities buyers of green products. Resources under the GDIP, including updated national recovery and resilience plans, could cover costs linked to green public procurement, until it becomes a common requirement under EU law. Public support should be subject to conditions which aim to improve environmental protection, support companies in offering quality jobs, promote access to training and create high-quality apprenticeships. Furthermore, it is important to make public procurement calls more accessible for SMEs. To this end, the EESC calls on the Commission to set up an easy-to-use database.

3.2.5. By tackling market failures and sectors with insufficient private funding, new joint EU funding should provide effective support to various segments of the clean technologies industry, in particular SMEs. It should avoid any distortions of the internal market and should help improve economic cohesion across the EU. In this context, the EESC underlines that temporary exemptions to the State aid rules should remain temporary and should also be targeted. It should also target worker reskilling, training and just transition to ensure a future-proof skills base.

3.2.6. The EESC is conscious of the fact that additional EU-level funding is hard to generate. For the medium term, a serious debate should be launched regarding new EU own resources, and the EU Sovereignty Fund, separately from the next MFF negotiations. In the short term, the financing available through the ETS Innovation Fund should be frontloaded and directed towards breakthrough technologies in hard-to-abate sectors.

3.3. *Markets and supply chains*

3.3.1. In 2021, the European Commission published a list of 'industrial ecosystems' as part of its industrial strategy. It aims to get a better understanding of both the inter-linkages and the gaps in Europe's economic structures and supply chains. Against this background the EESC calls on the European Commission to recognise the interdependencies between value chains and the role played by chemicals, raw materials, and in particular primary industries and processes in the transition to a net-zero and circular economy. The focus on net-zero technologies must not lead to the creation of new gaps in the European supply chains due to a lack of focus on the needs of other sectors, such as energy-intensive ones. If their concerns, such as high energy prices, are not addressed, the EU risks losing important, perhaps even strategic, parts of industrial ecosystems.

3.3.2. The EESC also wants to underline the need for access to energy and to raw materials at a competitive price. Such policies should be supported by trade agreements and global raw materials outreach. At the same time, the EESC recognises that a global race for raw material resources is not sustainable. Therefore, Europe should find ways to become more resource and material efficient by widely rolling out demand-side management measures to reduce demand: ecodesign and circularity, energy efficiency, strengthening the sustainability of products, and supporting targeted innovative practices and techniques. As a priority, the EESC asks for an audit to be carried out to identify how the EU can control and improve its value chains and avoid excessive dependencies.

3.3.3. The EESC stresses the need to build stronger trade relationships with third countries, advancing the work on free trade agreements, which also promote our values, while continuing to develop and use trade defence instruments, such as anti-dumping, anti-coercion and foreign investment screening.

3.3.4. Access to energy and raw materials at competitive prices is crucial for keeping industrial production and related activities in the EU. When developing its competitiveness, resilience, and global influence, the EU should rely on the open market economy and open societies as its fundamental assets, and refocus its action on the essential conditions for creating prosperity and well-being.

3.4. *Enhancing skills for quality job creation in net-zero technologies*

3.4.1. The EESC supports the principles of effective lifelong learning systems and improved anticipation of future skills needs. Against this background we call for the structural involvement of social partners in the planned net-zero academies. Furthermore, the EESC believes that an improved regulatory framework for the joint recognition of qualifications should not be limited to jobs related to net-zero technologies but be extended to all sectors and skills. The EESC points out that the way to support European industry is by investing in and supporting its workers, including by protecting employment and helping those in short-time work schemes.

3.4.2. The EESC is convinced that up-skilling and training will be needed to support the transformation. In general the risk sectors related to high emissions represent a small threat, but in some European regions the impact in the short term could be devastating. Only investing in enhancing skills, providing access to (re-)training and promoting economic diversification towards greener activities will make the transition manageable, making it possible to deal with the current tight markets and to improve labour market reallocation. Restructuring needs can be better anticipated and managed through the early involvement of all stakeholders concerned, including organised workers' representatives⁽²⁾. The EESC calls on the Commission and the Member States to ensure that the EU industrial plan helps create quality jobs with fair working conditions and good pay, and promote collective bargaining and respect for collective agreements.

3.4.3. Regarding the proposal for net-zero academies, the EESC points to existing, well established qualification and vocational education structures in the EU and underlines that there is no legal basis to introduce (professional) training policy provisions of this kind via a regulation. The draft regulation does not reflect the reality in companies and in the EU Member States, which is also demonstrated by the fact that no continuous involvement of the social partners, nor other relevant organisation is envisaged. While the EESC therefore advocates that education and training aspects of the proposal for a regulation should be dealt with in the framework of a recommendation, as is standard practice in this policy area, the Committee calls on the EU institutions to at least actively involve social partners as well as the European chamber network in the activities of European Net Zero Industry Academies and Net-Zero Europe Platform.

3.4.4. Calculations by the European Commission show that there is significant job creation potential in net-zero technology, with 180 000 workers needed in fuel cell hydrogen manufacturing, 66 000 in photovoltaic solar manufacturing and 800 000 in battery production. The EESC therefore asks the Commission and Member States to not only support framework conditions for the necessary skills development within the EU, but to also speed up and standardise work permits for qualified workers coming from outside the European Union.

⁽²⁾ Opinion of the European Economic and Social Committee on democracy at work (exploratory opinion requested by the Spanish Presidency) (OJ C 228, 29.6.2023 p. 43).

3.5. Innovation

3.5.1. Innovation capacity is yet another way to increase productivity, and is essential for the development, adaptability and renewal of businesses. Both private and public investment in research and innovation are necessary for the EU's success in the future. Cooperation between businesses, universities and innovation organisations needs to be facilitated as an important practical way of enhancing productive innovation. Worker involvement can also contribute positively to realising the full potential of innovation and envisaged change.

3.5.2. Currently, most EU funding is geared predominantly to the early stages of technological development and to the uptake of these technologies by downstream users. Support for manufacturing capacity and for scaling-up remains scarce. The EESC believes that this needs to be rectified.

3.5.3. The EESC acknowledges that the relevance of critical raw materials for the EU's industrial activities cannot be overstated. In this regard, innovation should, as a priority, focus on substitutes, products and materials that can reduce the EU's dependency on critical and raw materials it cannot easily access.

3.6. Governance

3.6.1. Chapter VII of the NZIA proposals sets up a structure, the Net-Zero Europe Platform, intended as a reference body in which the Commission and Member States can discuss, exchange information, and share best practices on issues related to this Regulation. However, the EESC wants to underline that the Commission should seek input not only from experts but predominately from representatives of the net-zero industry and related trade unions. The EESC welcomes the push for better coordination and should be involved in the platform, to structurally contribute the views of workers, employers and civil society to its work.

3.7. Strategic net-zero technologies

3.7.1. The EESC welcomes the approach to priority investment in and support for clean technologies. However, the list of technologies supported by the NZIA proposal largely ignores the decarbonisation of energy-intensive industries and the circularity dimension. We cannot reach the 2050 climate goals without building a competitive circular economy: using waste, captured carbon or renewable resources as feedstock are all viable ways to reduce emissions across all industries and cut the EU's dependence on raw materials imports. The EESC therefore calls on the legislators to expand the list of strategic net-zero technologies accordingly.

3.7.2. The EESC supports the setting of clear targets and objectives for manufacturing capacity in Europe, in particular the goals of covering 10 % of the extraction of our strategic minerals, with a strong commitment to continued environmental protection, of reaching 40 % of materials refinement, including advancing in mining capacity and thereby creating real added value, and of achieving a 15 % recycling rate by 2030.

3.7.3. The EESC points out that there is a high risk of an increase in the cost of production because nearly 25 % of emissions come from hard-to-abate sectors, which will not decarbonise at the desired speed without incurring higher production costs. This could lead to a supply shock and an inability to cover the needs of the market. Until new technologies are taken up an increase in the production cost is highly likely, causing shortages and resulting in higher prices that are transferred to other products in the value chain.

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The President
of the European Economic and Social Committee
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