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Notice No	Contents	Page
	I Resolutions, recommendations and opinions	
	RESOLUTIONS	
	Committee of the Regions	
	89th plenary session held on 31 March and 1 April 2011	
2011/C 166/01	Resolution of the Committee of the Regions on 'The consequences of the natural catastrophes in Japan and the consequences of the nuclear disaster: lessons for the European Union'	1
	OPINIONS	
	Committee of the Regions	
	89th plenary session held on 31 March and 1 April 2011	
2011/C 166/02	Opinion of the Committee of the Regions on the 'EU Citizenship Report 2010'	3
2011/C 166/03	Opinion of the Committee of the Regions on 'The EU budget review'	9
2011/C 166/04	Opinion of the Committee of the Regions on 'The European Platform against Poverty and Social Exclusion'	18

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(Continued overleaf)

<u>Notice No</u>	Contents (continued)	Page
2011/C 166/05	Opinion of the Committee of the Regions on 'The Danube Region Strategy'	23
2011/C 166/06	Opinion of the Committee of the Regions on 'Policy orientations on road safety 2011-2020'	30
2011/C 166/07	Opinion of the Committee of the Regions on the 'Fifth Cohesion Report'	35
2011/C 166/08	Opinion of the Committee of the Regions on 'The future of the European Social Fund after 2013'	45
2011/C 166/09	Opinion of the Committee of the Regions on the 'Single Market Act'	52

III *Preparatory acts*

Committee of the Regions

89th plenary session held on 31 March and 1 April 2011

2011/C 166/10	Opinion of the Committee of the Regions on 'Seasonal workers and intra-corporate transfer'	59
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I

(Resolutions, recommendations and opinions)

RESOLUTIONS

COMMITTEE OF THE REGIONS

89TH PLENARY SESSION HELD ON 31 MARCH AND 1 APRIL 2011

Resolution of the Committee of the Regions on ‘The consequences of the natural catastrophes in Japan and the consequences of the nuclear disaster: lessons for the European Union’

(2011/C 166/01)

The Committee of the Regions and the regional and local authorities represented there:

1. would like to express their condolences and deepest sympathy and solidarity with the people of Japan and all those affected by the earthquake, the tsunami, the nuclear power plant incidents and the consequences of these events;

2. express their willingness to provide assistance to the people and the regional and local authorities in the affected areas of Japan, and call on the European Commission to offer, and where necessary coordinate, appropriate aid measures in accordance with the needs and the sensitivities of the Japanese people;

3. invite the Japanese authorities to be as transparent as possible and to disclose up to date information on the consequences of the nuclear disaster which may have serious repercussions in other part of the globe; reaffirm their willingness to provide assistance and technical expertise;

4. call on their members to show solidarity in the framework of existing partnerships and cooperation arrangements with Japanese regional and local authorities, and to carry out effective aid projects on the ground wherever possible, making use of existing contacts;

5. stress that the events in Japan remind us of the important front-line role of regional and local authorities when it comes to

natural or man-made disasters, and that also in the European Union there must be a renewed discussion about central safety issues involving all levels of government;

6. underline in this context the principles of solidarity, cooperation, coordination and support in connection with disaster prevention and response, and support the proposal for an EU civil protection system⁽¹⁾ and in particular the planned strengthening of the Monitoring and Information Centre (MIC); recalls the European Commission's commitment that Europe's disaster response capacity should be strengthened on the basis of the units and forces made available by Member States and call on the European Commission, in the framework of its supporting powers, to propose appropriate measures to improve the exchange of indispensable operating information, not only at national but also at regional and local level;

7. support the European Commission's initiative to launch without delay a stringent review of all nuclear power plants in the EU by independent experts in accordance with strict common safety standards and to promote the further development of such common standards not only for nuclear safety, but also for emergency management and civil protection; are convinced that these reviews should be compulsory and therefore regret the fact that the March meeting of the European Council did not follow this suggestion;

⁽¹⁾ Communication from the Commission to the European Parliament and the Council: Towards a stronger European disaster response: the role of civil protection and humanitarian assistance, COM(2010) 600 final.

8. therefore, urge Member States to agree on common criteria and an immediate launch of comprehensive risk and safety assessments ('stress tests') for existing and future plants including their impact on bordering Member States and Regions; stress that the countries outside the European Union, where nuclear facilities exist or are being planned, must also be involved in this process and the necessary provisions must be made to further improve existing cross-border information mechanisms about safety related issues regarding nuclear installations and the particular cross-border dimension of crisis management and disaster relief; underlines that such 'stress tests' should be included in future accession negotiations and that the involvement of neighbouring countries or regions in the process of authorising nuclear installations should be optimised, calls finally for any nuclear installation which does not pass such stress-tests to be shut down;

9. call for an immediate review of the implementation status of Council Directive 2009/71/EURATOM of 25 June 2009 establishing a Community framework for the safety of nuclear installations, and if appropriate its revision;

9a. call on the European Commission to come forward with proposals for adequate requirements for the insurance of nuclear installations so that they are adequately covered for the financial risks of a reactor incident which may lead to the release of radioactive material to the environment;

10. endorse high safety standards outlined in the proposal for a Council Directive on the management of nuclear waste 2010/0306(NLE) to ensure safe disposal of highly radioactive waste and spent nuclear fuel, ask to involve also the local and regional authorities concerned;

11. declare their willingness, in close cooperation with the competent national and European bodies, to review those areas falling within their sphere of responsibility (for example in connection with authorisation procedures, emergency response plans etc.), and where appropriate to update these in the light of the lessons learnt from the Japanese disaster and the most recent research findings;

12. call upon the European Commission to increase financial support for the cooperation with third countries in the field of prevention of and training for natural and man-made disasters;

13. call for the measures needed to achieve energy savings, significant increases in energy efficiency and the conversion of the European Union's energy supply to safe, sustainable and

affordable renewable energy sources to be promoted with even greater determination; in particular are committed to the so-called 'Third Industrial Revolution', or Democratisation of Energy Production, which will ensure that in the future energy production, storage and distribution will be decentralised, thus providing energy security and a renewable energy economy and giving citizens and local and regional authorities direct influence. Are committed to support the necessary changes to the infrastructure to create open and smart power grids and call on the European Commission to bring together local and regional authorities and relevant stakeholders as soon as possible to kick-start the transformation of Europe's energy production;

14. call for an open and fair communication policy of all nuclear energy providers and the setting-up of effective partnerships between these providers, the Member States and the regional and local authorities;

14a. advocate greater decentralisation of energy production and distribution, particularly in the renewable energy sector. This would strengthen production at local and regional level, shorten the distance between producers and consumers, reduce dependency on large global energy suppliers, increase decentralised wealth creation and, above all, improve security of energy supply in the event of disasters; calls on the European Commission, not least keeping in mind the EU-2020 strategy, to provide greater support to local and regional authorities in their already considerable efforts in the area of renewable energy and towards achieving extensive self-sufficiency in energy;

15. taking into account the climate change objectives and the fact that 30 % of the electricity produced in the EU currently comes from nuclear power, believe that a realistic reflection is needed with respect to the EU's future energy mix; therefore call on the European Commission to push for renewable and more efficient forms of energy, keeping as an objective the need to strengthen energy independence in Europe, and the progressive reduction of nuclear energy dependency;

16. instruct the CoR President to submit this resolution to the President of the European Council, the Hungarian Presidency of the EU, the European Commission, the European Parliament, the European Economic and Social Committee as well as to the competent Japanese authorities.

Brussels, 1 April 2011.

*The President
of the Committee of the Regions*
Mercedes BRESSO

OPINIONS

COMMITTEE OF THE REGIONS

89TH PLENARY SESSION HELD ON 31 MARCH AND 1 APRIL 2011

Opinion of the Committee of the Regions on the 'EU Citizenship Report 2010'

(2011/C 166/02)

THE COMMITTEE OF THE REGIONS

- is aware that European citizenship, as well as being a factor enabling various national identities to coexist within the European Union regardless of the arrangements for conferring national citizenship, by involving citizens in the process of European integration, helps to build European democracy;
- has declared itself in favour of any initiative capable of increasing citizens' participation in the democratic process of the Union, forming part of actions involving direct, participatory democracy and contributing significantly to eliminating the EU's democratic deficit;
- underscores the need to increase people's awareness of their status as EU citizens, their rights and duties and the meaning of these rights and duties in their daily lives;
- considers that the general provisions on citizenship of the Union should be read in conjunction with the principle under which decisions must be taken in the most open manner possible and as close to citizens as possible;
- notes that regional and local bodies are best placed to promote a better understanding of EU citizenship and to give visibility to its concrete benefits for individuals;
- stresses that local and regional bodies have for a long time been experimenting with successful initiatives, putting themselves forward as promoters and facilitators of citizenship;
- highlights the need to adopt measures that can ensure education and training in citizenship, the overcoming of various obstacles and information asymmetries and gaps, and the acquisition of the educated and free exercise of individuals' rights and duties;
- reaffirms the responsibility of all levels of government to help build a 'culture of rights'.

Rapporteur	Roberto PELLA (IT/PPE), member of Valdengo Municipal Council
Reference document	EU Citizenship Report 2010: Dismantling the obstacles to EU citizens' rights COM(2010) 603 final

1. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

Context: European citizenship following the adoption of the Lisbon Treaty

1. welcomes the *Report on progress towards effective EU Citizenship 2007-2010* ⁽¹⁾, which describes the various developments that have taken place in the area of citizenship during that period and complements the *EU Citizenship Report 2010: Dismantling the obstacles to EU citizens' rights*;

2. agrees with the approach taken by the report of identifying the principal obstacles that citizens continue to face on a daily basis when trying to exercise their rights as citizens of the European Union in various everyday situations, and shares the objective of identifying obstacles in order then to remove them so that European citizens can benefit fully from their rights and the Commission's willingness to strengthen European citizenship tangibly and effectively;

3. welcomes the Communication accompanying the citizenship report, entitled *Towards a Single Market Act - For a highly competitive social market economy* ⁽²⁾, which addresses the removal of obstacles faced by European citizens when exercising those rights conferred upon them by the legislation on the single market, in particular when they are acting as economic operators (entrepreneurs, consumers or workers) in the single market;

4. recalls that an essential and highly symbolic stage in the construction of a European identity and a European democracy was the introduction, in the Maastricht Treaty, of 'European citizenship', which was granted to every citizen of a Member State of the European Union and was considered, with the adoption of the Amsterdam Treaty, to complement national citizenship;

5. points out that the new legislative features brought in by the Treaty of Lisbon have signalled a reinforcement in European citizenship, which is now considered to be additional (and not merely complementary) to, but not a replacement for, national citizenship;

6. is aware that European citizenship, as well as being a factor enabling various national identities to coexist within the European Union regardless of the arrangements for conferring national citizenship, by involving citizens in the process of European integration, helps build European democracy, as is recognised by the Treaty on European

Union, which included European citizenship amongst the democratic principles along with the principle of equality of European citizens;

7. points out that, according to the Treaty on the Functioning of the European Union, European citizens enjoy the rights and are subject to the obligations set out in the Treaty; to these should be added the fundamental rights recognised by the European Convention on the Protection of Human Rights and Fundamental Freedoms, to which the European Union is planning to accede with the adoption of the Treaty of Lisbon, and the rights and freedoms enshrined in the Charter of Fundamental Rights of the European Union of 7 December 2000, as adapted at Strasbourg on 12 December 2007, which under the Treaty of Lisbon has taken on the same legal value as the Treaties;

8. stresses that the rights referred to in the EU citizenship report are, on the one hand, rights that apply exclusively to citizens of the Union and, on the other, fundamental rights that also apply to third-country nationals;

9. notes that citizenship of the Union constitutes the fundamental status of the individual, a political player in the process of European integration, enabling everyone to receive equal treatment irrespective of their nationality;

10. notes that awareness and promotion of European citizenship is fundamental and strategic, particularly in those countries that have joined the Union in recent years and in countries that are applying for EU membership;

11. recalls that the Treaty on European Union requires Member States and those countries planning to become members of the Union to respect and promote the values on which the Union is founded: respect for human dignity, freedom, democracy, equality, the rule of law and human rights, including the rights of minorities. These values are shared by the Member States in a society characterised by pluralism, non-discrimination, tolerance, justice, solidarity and gender equality;

12. points out that the Council of Europe stated, as early as in the Recommendation of the Committee of Ministers to member states of 16 October 2002, 'that education for democratic citizenship should be seen as embracing any formal, non-formal or informal educational activity, including that of the family, enabling an individual to act throughout his or her life as an active and responsible citizen respectful of the rights of others';

⁽¹⁾ COM(2010) 602 final.

⁽²⁾ COM(2010) 608 final.

13. points out that in the September 2005 Communication on *A Common Agenda for Integration*, the Commission, setting out the framework for integrating third-country nationals into the European Union, invited the Member States to emphasise 'civic orientation in introduction programmes and other activities for newly arrived third-country nationals with the view of ensuring that immigrants understand, respect and benefit from common European and national values';

14. notes that from the outset of the debate on the future of Europe, the Committee of the Regions has declared itself in favour of any initiative capable of increasing citizens' participation in the democratic process of the Union, forming part of actions involving direct, participatory democracy and contributing significantly to eliminating the EU's democratic deficit and particularly welcomes the progress that has been made in this area thanks to the Lisbon Treaty;

15. recalls that in its opinion entitled *New forms of governance: Europe, a framework for citizens*, the Committee of the Regions called upon the EU to make its policy and decision-making structures more democratic and transparent so as to create an ideal framework for citizens' participation and initiatives at European level. It also asked for mechanisms to be set up that could promote interactive political dialogue, and for the principle of participatory democracy to be put into practice;

16. points out that its political priorities announced for the years 2010-2012 reiterate that the consolidation of the CoR's institutional role requires that priority be given to implementing the provisions of the Lisbon Treaty that relate to the regions or have a regional dimension, such as citizens' initiatives; welcomes the adoption of Regulation (EU) No 211/2011 of the European Parliament and of the Council of 16 February 2011 on the citizens' initiative, which incorporates many of the demands made by the Committee of the Regions (CdR 167/2010);

17. underscores the need for European citizens to go beyond the obstacles to free movement and to be able to fully enjoy their rights within the scope of the Treaties irrespective of where they have chosen to live or where they have acquired goods or services;

18. points out that a disparity still remains in the Member States between the applicable legal rules and the reality confronting citizens in their daily lives, particularly in cross-border situations;

19. emphasises that the main problems arise when it comes to implementation of European legislation by individual Member States and in adjusting national legal systems in line with new legislative features;

20. underscores the need to increase people's awareness of their status as EU citizens, their rights and the meaning of these rights in their daily lives;

21. considers that special attention should be paid to immigrants who plan to acquire citizenship of a Member State, thus also becoming 'European citizens';

The role of regional and local authorities

22. considers that the general provisions on citizenship of the Union, included in the Treaty on European Union in the title containing provisions on democratic principles, should be read in conjunction with the principle under which decisions must be taken in the most open manner possible and as close to citizens as possible in line with the proximity model of democracy, which is made a reality, above all, through the full and effective involvement of regional and local bodies, as the 'bodies closest to citizens';

23. notes, however, that the Commission's report does not focus sufficiently on the contribution that regional and local bodies can make to the effectiveness and quality of European citizenship;

24. notes that regional and local bodies are best placed, through their proximity to the citizens, to promote a better understanding of EU citizenship and to give visibility to EU citizenship and its concrete benefits for individuals, including by demonstrating the tangible impact of Union policies in citizens' lives;

25. notes that regional and local bodies will have a key role to play in the participatory processes to be put in place so as to implement a true bottom-up approach, allowing citizens to substantially contribute to defining EU policies that give concrete effect to their rights;

26. considers that local and regional bodies can enable the European institutions to reach those groups, in particular, where there is often a low level of participation, such as young people and immigrants;

27. points out that local and regional bodies have responsibilities for the management of problems connected with the movement and residence of European citizens, and also regarding reception;

28. points out that whilst the report condemns the obstacles hampering the exercise of European citizenship rights, it does not devote sufficient attention to the pre-conditions required to make any form of citizenship effective and to overcome geographical, cultural, linguistic, information and technological obstacles that hinder educated and free exercise of individuals' rights and duties;

29. points out that the 2010 Citizenship Report does not devote enough attention to the tools of civil society, which are new channels for democracy and citizenship;

30. stresses that the report does not take enough account of the need for action to be taken at local and regional levels to cut red tape in order to ensure efficient implementation of European citizenship rights;

31. emphasises that, in the new multicultural context, citizenship must no longer be seen merely in terms of protecting identity and belonging, but as a point of integration and social inclusion;

32. stresses that local and regional bodies have for a long time been experimenting with successful initiatives, putting themselves forward as promoters and facilitators of citizenship, partly through processes for participatory and deliberative democracy;

33. points out that, in the face of statistics demonstrating that the majority of EU citizens do not know the meaning of the rights granted by European citizenship, in particular freedom of movement and residence, and are not even aware of them, local and regional bodies, through their proximity to citizens, are the natural channels or instruments for the dissemination of information aimed at EU citizens on this subject;

34. points out that local political institutions, the expression *par excellence* of a 'European' electoral body and, therefore, the first authentic bodies of European governance, constitute the information channels to EU citizens regarding their electoral rights;

35. highlights the contribution that town twinning and networks of cities can make as regards promoting and raising awareness of issues of citizenship, as means of participation in civic life and of integration, especially in relation to the new Member States;

36. shares the Commission's wish to strengthen the right of EU citizens to receive assistance in third countries from the diplomatic and consular authorities of all Member States by proposing legislative measures during 2011 and better informing the public; highlights the role that regional and local authorities can play in ensuring the broad dissemination of information, and calls on the Commission to consult the CoR when drawing up proposals on the subject;

Priority objectives of regional and local authorities

The conditions for effectiveness of citizenship

37. highlights the need to adopt measures that can ensure education and training in citizenship, the overcoming of cultural, linguistic and technological obstacles, the acquisition of an educated and free exercise of individuals' rights and duties, and the overcoming of information asymmetries and gaps;

Active citizenship

38. considers that the reinforcement of European citizenship can derive strength from empowering the active participation of citizens in the life of local communities, and particularly the participation of young people, who have greater mobility within the EU;

39. recommends that the Commission also place an emphasis on European citizenship issues within the context of the Instrument for Pre-Accession Assistance (IPA), so that future EU citizens are informed and know their rights and responsibilities;

40. underscores the importance of volunteering to promote participation and active citizenship and the need to support volunteer initiatives;

Social citizenship

41. considers that initiatives to promote social citizenship need to be strengthened at European level, in that access to social rights is linked to criteria and requirements that create discriminatory profiles, contrary to the principle of equality and equal treatment enshrined in EU law with reference to citizens of other Member States of the European Union who have exercised their right to free movement, as well as third country nationals, who are also protected by the laws of the European Union;

42. calls on the Commission to make provision, in the measures that it intends to adopt to facilitate access to cross-border healthcare and to launch pilot projects for the provision of secure online access to certain health data relating to European citizens, for the involvement of local and regional authorities as the bodies closest to the citizens;

43. would like local and regional bodies to be involved in the actions that the Commission intends to adopt to improve the information service for citizens by developing a new electronic data exchange system to reduce delays and problems in the exchange of information in the social welfare sector;

Civic citizenship

44. would like local and regional bodies to be involved in the new actions planned regarding facilitation of the free movement of EU citizens and members of their families from third countries, which include non-discrimination and the promotion of good practices and knowledge of EU rules, through better dissemination of information to EU citizens about their rights of free movement;

45. recognises that differences in the transposition of Directive 2004/38/EC could pose difficulties in the effective exercise of citizens' fundamental rights;

Political citizenship

46. is clear that the right to complete freedom of movement and active grassroots involvement in the political process are key elements of EU citizenship;

47. supports moves to give third-country nationals legally resident in the EU the opportunity to participate in the political process at local level, subject to the duration of their residency. The right of third-country nationals to political participation is also laid down in the European Convention on the Participation of Foreigners in Public Life at Local Level;

48. calls on the Commission to take specific actions aimed at promoting the effective exercising of the right conferred upon European citizens to participate in municipal elections in the Member State in which they are resident and in European elections;

49. highlights the need for EU citizens to have full access to information to enable them to play an active part in the political process;

Administrative citizenship

50. highlights the need to act at local and regional levels with measures to cut red tape that make European citizenship rights, in particular freedom of movement, a reality and to eliminate all dissuasive practices or other forms of discrimination that differentiate between EU citizens, particularly in granting residence rights. These measures must move from identifying the problems that local and regional authorities face to being able to provide appropriate solutions to them;

51. highlights, with the aim of facilitating the exercise of freedom of movement of citizens, the need to improve the exchange of electronic data amongst public administrations in EU Member States and communication between these and the public;

52. emphasises the need to take steps to cut red tape, particularly in the area of cross-border cooperation, which is the area in which citizens encounter the greatest difficulties in exercising their rights;

53. points out that it would be helpful to support the various forms of territorial cooperation to implement projects and measures aimed at making European citizenship a reality and which could help reduce obstacles and red tape, including through disseminating the various best practices relating to cross-border services, for example in the areas of health and multilingualism;

54. feels there is an urgent need to step up and improve administrative cooperation and exchanges of information on best practices between the competent authorities in order to

safeguard the freedom to exercise the rights and responsibilities of European citizenship;

Culture of citizenship

55. reaffirms the responsibility of all levels of government to help build a 'culture of rights' by raising citizens' awareness of their rights and obligations;

56. emphasises the importance of a joint campaign promoting citizens' rights and obligations, as an integral part of the European Commission's information and communication policy;

57. undertakes to support local and regional authorities in providing a significant and valuable contribution in 2011 to the European Year of volunteering, giving plenty of opportunity for initiatives based on the concept of active citizenship;

58. supports the Commission in its intention to make 2013 the European Year of Citizens; will consider, among the activities it could organise to contribute towards the success of this initiative, the possibility of including the theme of citizenship in the organisation of the Open Days;

59. points out that local and regional authorities are the levels of government appropriate for the launching of initiatives aimed at 'training in European citizenship' both for school-age people and adults, and in particular for those planning to obtain the citizenship of a Member State;

60. considers that measures to inform and educate immigrants who plan to acquire citizenship of a Member State, thus also becoming 'European citizens', should be promoted;

61. considers that initiatives aimed at 'training in European citizenship' should be launched for operators of European, national, local and regional public administrations;

62. calls on the Commission and the Member States to support the inclusion of European citizenship in education and school programmes and to promote measures aimed at citizenship training for adults, including via the media and ICT;

63. underscores the importance of the Capitals of Culture in promoting European identity and citizenship;

64. calls on the Commission to disseminate and support measures and projects aimed at raising awareness of European citizenship and promoting it amongst citizens of countries that have joined the European Union in recent years and those that intend to do so, in particular by means of cooperation with subnational authorities in those countries.

65. calls on the Commission to take steps to remove remaining administrative, legislative, information, motivation and language barriers to mobility for education purposes and to define strategies to overcome these barriers in order to facilitate cross-border mobility for young people, providing for involvement of public institutions and civil society, businesses and other stakeholders;

66. following up on the interest expressed by the European Commission, will look into the establishment of a flexible,

informal platform to foster cooperation between the Commission, the Committee of the Regions and national associations of local and regional authorities, with the aim of facilitating and supporting the debate on European citizenship, identifying requests and difficulties encountered by local authorities in implementing European citizenship rights and encouraging exchange of expertise and best practices, thus contributing towards promoting the active implementation of European citizenship; calls on the European Commission to consider the possibility of earmarking appropriate support for these activities as part of the feasibility study:

Brussels, 31 March 2011.

*The President
of the Committee of the Regions*
Mercedes BRESSO

Opinion of the Committee of the Regions on 'The EU budget review'

(2011/C 166/03)

THE COMMITTEE OF THE REGIONS

- points out that the EU must have a credible budget beyond the 1% of EU GNI so that it can achieve the major European objectives in accordance with specific local needs and exercise its new powers resulting from the Lisbon Treaty;
- recognises the importance of the Europe 2020 strategy; stresses, however, that the place which will be given to it should not lead to a downgrading of other objectives as laid down by the Treaties, particularly economic, social and territorial cohesion;
- is pleased that its proposal to extend the period of the multi-year financial framework to ten years with a proper mid-term review ('5 + 5') has been taken up by the European Commission. The mid-term review must limit the amount of funding which can be allocated to different priorities to ensure that it remains a genuine ten year programme and not two five year programmes;
- considers that budgetary flexibility should be guaranteed in order to be able to re-orient strategy mid-term, thanks to a 'review reserve', and to cope with unforeseen and extraordinary events, thanks to a 'flexibility and European interest reserve', while seeking greater efficiency in European expenditure;
- strongly disagrees with the proposal that a Member State's non-compliance with the stability and growth pact should result in the discontinuation of funding under cohesion policy and the common agricultural or fisheries policies, because regional authorities cannot be held responsible for the inability of national institutions to meet macro-economic criteria or implement EU rules correctly;
- is pleased that the Commission recognises the need to conduct cohesion policy throughout the Union and endorses the proposal for a common strategic framework covering the Structural Funds and the other territorial development funds; considers that the budget headings could be structured in such a way as to indentify, under a single title, all the funds coming under the common strategic framework;
- considers that the current structure of the budget should be abandoned and recommends that the new structure should highlight the division of tasks in a multi-level approach to governance and that there are no grounds for bringing the number of headings down to three main ones;
- considers it vital to have the option of issuing EU project bonds and is of the conviction that in the long term, the increase of existing own resources and/or the introduction of new own resources should aim at replacing national contributions to the EU budget.

Rapporteurs	Ms Mercedes BRESSO (IT/PES), Member of the Piedmont Regional Council Mr Ramón Luis VALCARCEL SISO (ES/EPP), President of the Region of Murcia
Reference document	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the national parliaments – <i>The EU budget review</i> COM(2010) 700 final

I. POLITICAL RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS,

Introduction

1. welcomes the Commission Communication on the EU budget review, as it presents a holistic vision of the reform that covers both the expenditure and the revenue side and seeks to produce a real change;

2. intends to continue and deepen the positions adopted and the proposals made in its previous opinion adopted in April 2008 ⁽¹⁾; and therefore points out:

- that the EU must have a credible budget beyond the 1 % of EU GNI so that it can achieve the major European objectives in accordance with specific local needs and exercise its new powers resulting from the Lisbon Treaty;
- that the EU budget must be capable of responding to new challenges while pursuing its objectives of integration and cohesion and demonstrating genuine solidarity in its actions;
- that Member States' limited public financial resources make it necessary both to reform the system of resources of the Community budget and to establish priorities and focus on areas where Community intervention, whether alone or as a supplement to other levels of governance, can provide the best added value;
- that exploiting the full potential of multi-level governance must be placed at the heart of the EU's budget reform strategy and that the design, planning, co-funding and implementation of European policies may gain significantly from local and regional authorities' input;

Principles for the EU budget

3. considers that the years of experience in implementing the European budget, particularly cohesion policy, have shown that the regions, or local governments, those which are closest to the citizen, best identify the needs of European territories and intervene more directly, which is why at all times the European Union stresses the importance of exercising multi-level governance to ensure that EU budget is spent more effectively, seeing it as an effective tool to be applied to all European policies, in line with the subsidiarity principle;

4. regrets that, as regards all public-sector spending in the EU, despite a growing financial contribution from and more active involvement of the regional and local authorities, this multi-level governance is not clearly visible to the final beneficiaries; now calls on the Commission to inform all the parties concerned about the current state of public finances in the EU and to adopt a budget structure that is more consistent with multi-level governance;

5. agrees with the Commission that '*the weight of spending should mirror the EU's core policy priorities*'. This implies that a very high priority must be given to the notion of economic, social and territorial cohesion, but also, for example, to making sure the budget is compatible with the horizontal social clause;

6. suggests that it will be easier to launch the next programmes quickly if there is a certain degree of continuity in the basic rules governing their operations and if all legislative and regulatory measures are brought forward as much as possible with the aim of simplification;

a) Added value

7. considers that it is necessary and useful that it contributes to the debate on the EU inter-institutional annual budgetary procedures and execution, in order to be consistent with the principle of good governance based on the deliberation at various levels; this contribution could represent the views of regional and local authorities on those EU budgetary lines for which they are the main beneficiaries;

⁽¹⁾ Cdr 16/2008 fin.

8. considers that the concept of added value refers to the leverage or multiplier effect generated by the implementation of the European budget throughout the European Union, and therefore feels that it should not be understood in purely accounting terms, with only public finances taken into consideration. The EU budget's added value for private businesses and consumers must also be acknowledged, together with the added value of Union expenditure in terms of governance. Considers, furthermore, that the added value of the Union's budget must be assessed with a new model of growth measured using additional indicators to GDP that would better reflect the development of each region;

9. notes the Commission's undertaking to produce an updated analysis of the cost of 'non-Europe', but calls on this to be done quickly enough for it to have an impact on negotiations on the new financial framework;

10. points out that the leverage effect of the EU budget is crucial for mobilising resources that support strategic EU objectives provided for by the Treaty, such as cohesion policy, as well as European strategies such as the Europe 2020 strategy, that it has a decisive impact on building institutional capacity and that it is beneficial for all private actors and public authorities, both the most advanced and the least advanced, within the Single Market;

11. considers that the visibility of EU interventions, those involving investments in heavy infrastructure or intangibles (research, social inclusion, training, etc.) must be sought at all levels, from the authority that takes the political decision, to the programme manager, and right down to the citizen and final beneficiary. It may be achieved by various procedures that are flexible and adapted to actual conditions, so as to avoid excessive administrative burdens, and should be based on the numerous examples of good practice that exist, in line with each region's potential;

12. agrees with the Commission that 'the EU ... can offer economies of scale and ... can plug gaps left by the dynamics of national policy-making, ... addressing cross-border challenges in areas like infrastructure, mobility, territorial cohesion or EU research cooperation';

13. stresses the need to develop a dynamic communication strategy that is permanently relayed to the territories about the aims and achievements of the EU budget and points out, with this in mind, that it is available for setting up a decentralised action plan;

b) Solidarity

14. affirms that the solidarity between European Member States, regional and local authorities and citizens is not only a political objective going hand-in-hand with European values but is also a factor of economic efficiency throughout the EU, and

so the exercise of solidarity must be seen not so much as an expense but more as an investment, allowing the EU to face the challenges of today and tomorrow;

A budget for the future: expenditure

15. fully agrees with the importance of the Europe 2020 strategy for smart, sustainable and inclusive growth, and, like the Commission, stresses that its success requires 'a partnership between the EU and the national and regional authorities' as well as with local authorities; stresses, however, that the place given to the Europe 2020 strategy should not lead to a downgrading of other objectives as laid down by the Treaties, particularly economic, social and territorial cohesion;

16. awaits the proposal concerning the multi-annual financial framework before commenting in detail on expenditure, but would already make the following remarks on matters of in principle;

Research, innovation and education

17. stresses that the current Community research budget, which amounts to only 4% of that of publicly funded research in Europe, is inadequate. Considers it vital therefore to better integrate national and regional programmes and the European research framework programme in order to achieve economies of scale and critical mass;

18. disagrees with the European Commission statement that Europe would be 'faced with an unprecedented range of societal challenges, which can only be tackled with major scientific and technological breakthroughs', since such reasoning underestimates the ability of political organisations, institutions and citizens to reform our societies, without necessarily having recourse to scientific and technological solutions. Nevertheless, believes innovation contributes to tackling the most critical societal challenges we are facing. Concords therefore fully with the European Council of 4 February 2011 that Europe's expertise and resources must be mobilized in a coherent manner and synergies between the EU and the Member States must be fostered in order to ensure that innovations with a societal benefit get to the market quicker. Stresses in this connection the opportunities opened up by the revision of public procurement directives with a view to encouraging more social and environmental innovation;

19. considers that support for innovation is crucial for the transformation of the European economy and believes that the Innovation Union flagship initiative must in particular encourage the Member States to support the modernisation of education and training systems at all levels, including in the workplace, since a region's level of progress depends above all on its human resources. Therefore welcomes that fact that the flagship initiative sets out a generally solid political approach,

and quite rightly defines the term 'innovation' broadly, focuses on the major challenges for our society and takes key technologies into consideration; also supports the Commission's proposals on developing the EU's research and innovation capacities and the implementation of smart regional specialisation strategies, including with the help of ERDF-funded technical assistance programmes; adds that these strategies should be developed in consultation with all stakeholders, particularly local and regional entrepreneurs, to prevent the imposition of prescriptive models that do not reflect the reality and potential at regional and local levels or that might generate an administrative and financial burden;

20. welcomes the fact that, in its communication, the Commission takes account of the contributions of the local and regional authorities and of civil society with regard to innovation, and acknowledges them as key stakeholders; considers this should be reflected in the EU Budget through a well-financed Framework Research Programme. In addition the EU Budget should be used to enable greater synergies and complementarity between European funding supporting research and innovation, to ensure efficacy of expenditure, including prioritising building research capacity in poorer parts of Europe. There is also a pressing need to address the accuracy and availability of data on regional participation in FP and other EU research and innovation funding programmes, to enable local and regional authorities to benchmark their performance at EU level, and to enable structural weaknesses in performance to be identified accurately;

21. considers that existing new technologies, which have had the benefit of R and D funding, and which are able to be utilised should be exploited to the full;

Infrastructures for the future

22. considers that removing cross-border bottlenecks on strategic transnational axes of the transport, communication and energy networks would be of significant added value to society and would be in the spirit of the EU's new approach to growth. It is necessary to develop fit-for-purpose, high-quality infrastructure and to remove critical bottlenecks for the sake both of the EU's economic competitiveness and of balanced and sustainable development;

23. emphasises that the funding of infrastructures for the future is a necessity for two reasons of equal importance: to increase mobility and internal cohesion within the EU and to increase European competitiveness vis-à-vis third countries as the Commission rightly points out;; recommends proceeding logically, starting with political decisions on infrastructure projects and then agreeing on the relevant instruments and financial packages;

24. reiterates its opposition to the establishment of a single fund which, relying mainly on resources allocated under the Cohesion Fund, would group together all the EU financial instruments used to fund transport infrastructure. Not only could the 'transfer' of funds result in a net loss of resources allocated to transport policy, but it could also call into question the integration of transport projects in regionalised development strategies;

Energy and climate

25. does not favour the option of setting up special large-scale funds dedicated to the implementation of investments in energy and climate; prefers prioritising and further incorporating these policy priorities into all relevant policy fields, where a management set-up involving all levels of governance would ensure the efficiency and visibility of European action, however, specific bonds arranged by the EIB may be used for transnational or cross-border projects on clean energy production and energy efficiency, as part of the goals for energy security and climate change mitigation;

Common Agricultural Policy

26. recognises the added value of one of the only common EU policies and welcomes the prospect of controlling CAP spending in order to focus more on the goal of social and territorial cohesion, including in relation to production, green growth and achieving greater synergy with other EU policies;

27. reiterates the importance of the CAP in preserving the fabric of rural communities across Europe, thus contributing to the wider goal of social and territorial cohesion; also notes the value it contributes to wider society in terms of providing high quality food, managing the EU landscape, and contributing towards efforts to combat and mitigate the impact of climate change; underlines that the CAP may bring a valuable contribution to the objectives of the Europe 2020 strategy;

28. considers that the CAP needs both the first and second pillars to be effective in order to face up to the challenges of balancing the tension between the need to produce competitive, high-quality food in Europe, society's demands on the environment, climate, water management and biodiversity, and the need to maintain vibrant rural areas; recognises the need for further reforms to the CAP, including the need for an adequately resourced budget to enable resources to be used to address other EU priorities; reiterates, however, that such reforms should be gradual, moving towards a fairer system of allocating direct payments across the EU and Pillar 2 (Rural Development) allocations between Member States; simplification and efficiency should in particular be key priorities for the next phase of reform;

Cohesion policy

29. congratulates the Commission on its analysis of the impact of cohesion policy on the European economy and its demonstration of the major cumulative effects on national GDP; feels that cohesion policy is one of the most successful tools in providing solidarity and support for weaker regions, and helps to generate growth and prosperity throughout Europe, thanks in particular to trade and exports;

30. welcomes the fact that the Commission continues to see cohesion policy throughout the EU and thus in all its regions as necessary in order to promote economic, social and territorial cohesion and the harmonious development of the EU as a whole through smart, sustainable, inclusive growth. However stresses that significant investments must be made in the infrastructure of the least developed regions when drawing up the future cohesion policy. A substantial proportion of the EU budget should therefore continue to be used to speed up development in the least developed regions and to eliminate obstacles to development;

31. approves the proposed common strategic framework covering the Structural Funds and other funds for territorial development such as the EAFRD and the EFF and believes such simplification approaches could be extended to other funds in future; supports the concept of partnership contracts for development and investment that are an accurate budgetary illustration of the territorial pacts that it promotes for National Reform Programmes; such contracts must be developed in partnership with local and regional authorities and not just between Member States and the Commission as proposed in the Fifth Cohesion Report, in accordance with the principles of multi-level governance; supports the idea of expanding the governance of cohesion policy to include other policies, as it believes that experience has shown that this is the most effective and efficient method;

32. hopes that the territorial dimension – especially with respect to its rural and maritime aspects and to the outermost regions – is given the attention it deserves in the future cohesion policy and that a stronger link and greater synergy is found between regional development programmes supported by the ERDF, ESF and EAFRD;

33. considers that the institutional and financial capacities of the public sector at national, regional and local level are essential to achieving the objectives of Europe 2020 and that cohesion policy must continue to play a key role in strengthening them; also seeks clarification on the funding of the measures proposed under the seven flagship initiatives from the EU's various funding programmes;

34. welcomes the intention to increase the visibility and the scope of the ESF, including a stronger focus on social inclusion;

reiterates its support for the ESF remaining part of the Cohesion Policy; emphasises that the ESF's visibility and the effectiveness of its action depend on an integrated approach being taken to investment in human capital alongside that in infrastructure, R&D and innovation;

35. strongly welcomes the Commission's focus on support for new businesses, in particular SMEs that will play a crucial role in improving European competitiveness; therefore calls for a more visible mainstreaming of SME-friendly policies throughout the EU budget, giving particular emphasis to women entrepreneurs;

36. considers that money should be spent more efficiently but disapproves the idea of a performance reserve based on Europe 2020 objectives;

37. suggests, furthermore, that for the Structural Funds a specific early warning scheme should be set up in all regions to build on the existing relationship, where the European Commission advises managing authorities as to the rate of spend and potential for de commitment if the rate of spend and results do not meet agreed targets;

38. considers, finally, that the sums identified each year by this early warning mechanism as likely not to be spent, due to problems encountered by the regions and managing authorities, must in future be returned to the general budget to swell the 'flexibility and European interest reserve', in order, for example, to discourage Member States from the current practice of holding back project co-funding contributions in order to recuperate uncommitted sums later;

39. calls for the globalisation adjustment fund to be integrated into the Union's budget, in particular with a view to speeding up the mobilisation of resources but also to making a more effective contribution to the achievement of the objectives of the Europe 2020 strategy, providing for more employment growth and less unemployment, countering exclusion from the labour market, improving the quality, productivity and attractiveness of jobs and increasing social, economic and territorial cohesion;

An effective budget

New funding

40. is in favour of looking at the possibilities of having support from the EU other than subsidies, although fully respecting the principle of subsidiarity and on a case-by-case basis, depending on the types of expenditure and the economic situation of the beneficiaries; financial engineering instruments should be seen as a valuable addition to grants, rather than as a replacement;

41. insists, however, that caution should be observed when devising and spreading the use of new financial instruments; considers that the crisis has shown that there is a need for regulation on EU level, the absence of which has sometimes jeopardised the financial equilibrium of local and regional authority budgets; stresses the need to be accountable to the general public and not to get too far away from the real economy;

42. also supports the call to establish a link between the European Financial Stabilisation Mechanism (EFSM) and the European Union budget to make sure that from 2013, the EFSM is no longer funded solely on an intergovernmental basis from uncommitted funds, but also includes, in keeping with the precepts of European solidarity, the Community budget mechanisms provided for in the Treaty of Lisbon;

43. draws attention to the need to provide regional and local authorities with better facilities for producing results, especially when new funding machinery (EIB, PPP, EU-project bonds) is provided which requires a high level of expertise;

44. would encourage the European Commission to look at the feasibility of 'citizens bonds' (local funds funded by citizens for local development) where citizens are able to invest in the development of their own communities or regions and where such investments are used to create major infrastructure and energy projects over a period of years;

45. encourages, however, the Commission to be ambitious so as to effectively mobilise any leverage effect that might be represented by the commitment of local and regional authorities to policy priorities; stresses the multiplier effect of local and regional public funding, including its impact on private partners, and the unifying role that can be played by the EU;

46. feels that it is essential to be able to issue EU-project bonds, in order to finance works on a large scale whose economic impact will be felt in the medium or long term. This device is likely to make the EU's interventions more visible and – above all – more efficient. It may have a highly beneficial leverage effect on the momentum of the internal market and help boost territorial cohesion. It is clearly consistent with the search for more rational EU spending focusing on European added value;

47. welcomes the public consultation launched by the Commission on Europe 2020 Project Bonds to fund infrastructure, and feels, in this context, that strengthening territorial cohesion should be seen as a priority; nonetheless feels that the use of EU Project Bonds should not be restricted solely to trans-

European projects for technical infrastructure, given that other infrastructure projects with a regional dimension could provide European added value; also considers that the link between EU Project Bonds and European aid should be clarified and that measures should be taken to ensure that local and regional authorities can access the new financial instruments;

48. calls on the European Commission to carry out a more detailed analysis of the proposed issuing of Euro-bonds which, by pooling some public debt, would allow all euro area countries to borrow at interest rates close to the best on the market, limit speculation against national borrowing and improve the quality of budgetary policy coordination;

49. considers that a credible budget is one of the answers to the current economic crisis, since it would act as a lever for economic, social and territorial development;

Structure of expenditure

50. considers that the current structure of the budget should be abandoned and recommends that the new structure should be practical, realistic, transparent and readily comprehensible, that it should show how tasks were shared out in a multi-level approach to governance and that expenditure items should be allocated in the light of how payments were actually made and policies were applied in reality; sees no grounds for bringing the number of headings down to three main ones: (Internal expenditure, External expenditure and Administrative expenditure). Fewer main headings indicate an increased amalgamation of information and a corresponding loss of detail. The main headings would have to be subdivided into meaningful and relevant subcategories. This would not contribute to transparency;

51. considers that while representing a main driver for policy mobilisation, neither the three strands of the Europe 2020 strategy (smart, sustainable, inclusive) nor the seven Flagship Initiatives are fit for the purpose of identifying budget headings as none of the three strands alone can include certain policies, such as cohesion policy or the CAP for example, the structure proposed by the Commission would lead to endless wrangling when the time came to allocate funds and put them into operation;

52. considers in particular that there should be an explicit reference to cohesion policy in the future budget structure which also took into account the reinforcement of its legal basis as regards economic, social and territorial cohesion within the framework of the Lisbon Treaty;

53. considers therefore that a possible structure of the budget headings should make it in particular possible to identify, under the same heading, all funds belonging to the common strategic framework (i.e. ERDF, ESF, Cohesion Fund, EAFRD and EFF). The structure could look like the following:

- 1) territorial policies (cohesion policy, CAP 2nd pillar, common fisheries policy, territorial impact of climate change, and major investments in infrastructure, research and innovation to achieve territorial balance);
- 2) policies for a sustainable future (CAP 1st pillar, climate change, energy, research);
- 3) European citizenship (including culture, young people, communication, area of freedom, security and justice);
- 4) external actions (including foreign policy, neighbourhood policy and development policy);
- 5) reserve for flexibility and European interest, and reserve for review;
- 6) administrative expenditure;

Duration of the financial framework

54. is pleased that its proposal to extend the period of the multi-year financial framework to ten years with a proper mid-term review ('5 + 5') has been taken up by the European Commission, as it represents a compromise between stability, flexibility and a democratic parliamentary monitoring of European public spending; the mid-term review must limit the amount of funding which can be allocated to different priorities to ensure that it remains a genuine ten year programme and not two five year programmes, which would be less desirable than the current seven year programmes;

55. stresses that investment and development policies, such as the cohesion policy, cannot be adapted to a period of less than seven years. Therefore, the extension to ten years provides an adequate horizon and sufficient stability, while permitting the genuine mid-term flexibility that the EU budget currently lacks;

56. considers that, in view of the new procedures and new financial instruments arising from the Lisbon Treaty, the review could be made meaningful by using dual level machinery:

- at the first - and most general - level a 'review reserve' could be created, amounting to 5 % of the total EU budget for the last five programming years. Where this money was actually deployed would be negotiated at the halfway point: the

decisions taken at the start of the period could be confirmed, with a proportionally identical deployment among the headings, chapters, Member States and others, or there could be a new deployment adapted to trends in European priorities and the political, social and economic context. Whatever happened, this 'review reserve' would be added to the 'flexibility and European interest reserve' envisaged by the European Commission, as part of the new machinery for flexibility;

- at the second level, within the heading concerning cohesion policy and the other territorial development policies included in the common strategic framework, the Member States could be authorised, with the agreement of the regions, to re-deploy up to 25 % of the amounts in the partnership contracts for investment and development. This deployment could be carried out between the various funds concerned, i.e. the Cohesion Fund, the ERDF, the ESF, the EAFRD and the EFF;

Responding to changing circumstances – flexibility and transfers of appropriations

57. considers that budgetary flexibility should be guaranteed in order, firstly, to be able to re-orient strategy mid-term, thanks to a 'review reserve', and, secondly, to cope with unforeseen and extraordinary events, thanks to a 'flexibility and European interest reserve', while seeking greater efficiency in European expenditure;

58. welcomes the Commission's proposals but stresses that flexibility must not serve as a pretext for under-estimating the budgetary needs of the EU's policies; and that an obligatory percentage, which the Commission proposes should be 5 %, should remain provisional, as the margin for flexibility depends by definition on indicators that vary according to political and economic circumstances;

59. stresses that the 'flexibility and European interest reserve' should not under any circumstances be used as a reserve for rewarding the best performances in absorbing funding, but it should be used to boost the EU's capacity to react more quickly overall to new challenges or unexpected shocks, to support new priorities or to promote cooperation and experimentation at European level. Such a reserve should not be allocated in advance but should be the object of an explicit decision by the budgetary authority. It could reward excellence in certain budget headings, assessed in terms of impact and results;

60. considers, furthermore, that flexibility over unused resources in the EU budget must mean re-deployment in the light of some sort of objective yardstick for measuring excellence in management, and not be used for any other purpose;

61. considers that the possibility of re-deployment enabling transfers between headings for a given year, as envisaged by the Commission, is necessary since the current system has turned out to be too rigid. Simplification of such transfers within the MFF needs to be explored, while ensuring the full respect of the principle of sound financial management and budgetary discipline;

62. welcomes the proposal to allow the possibility of transferring unused margins from one year to another to avoid them being reallocated automatically to the Member States, as well as the freedom to bring forward or postpone expenditure within a heading's multi-annual budget;

63. recalls the need for flexibility at all levels, by giving regional and local authorities margins of manoeuvre for re-assigning funds and reviewing priorities and expenditure if necessary;

Efficiency

64. welcomes the Commission's call for greater efficiency in administering the EU budget, since more efficient management of spending would give better results, and encourages the Commission to implement it without delay;

65. strongly encourages regional and local authorities to strengthen their technical and human resources, and believes that the complexity of EU funded projects, especially administrative burden and red tape, should be reduced; in the context of the economic crisis which has resulted in major cuts in public budgets, and so as to endure the efficient use of the EU budget, stresses the need for appropriate levels of financing to be ensured in order to properly enable regional and local authorities to take part in major projects financed through structural funds;

66. also welcomes the proposal to focus spending on concrete priorities, while acknowledging that less developed regions should be given the opportunity to set a larger number of priorities; to do this it suggests that the range of objectives should not be increased too much, bearing in mind also that successive enlargements have created greater disparities within the EU;

67. points out that the only way to achieve efficiency in implementing the EU budget, and thus in spending, is through coordination, consistency and cooperation, both between different administrative levels and between funds; it therefore seems illogical to return to single fund planning, as has been done, as this means that arrangements also have to be made for new inter-fund coordination mechanisms to avoid overlapping and duplication; it is the beneficiaries of the funding who have to confront any difficulties arising from the lack of coordination, this coordination being crucial to enhancing management efficiency;

The EU budget and the economic governance of the EU

68. reiterates its warning against the possible linkage between the allocation of Structural Funds and Member States' compliance with the Stability and Growth Pact, and expresses serious concern as regards the proposed conditions which would be imposed at local and regional level in breach of the principles of good governance and responsibility at all levels;

69. strongly disagrees with the proposal that a Member State's non-compliance should result in the discontinuation of funding under cohesion policy and the common agricultural or fisheries policies, because regional authorities cannot be held responsible for the inability of national institutions to meet macro-economic criteria or implement EU rules correctly and such a measure would risk hitting hardest those regions that are lagging behind in their development and that need jointly funded programmes to combat their structural weaknesses;

70. requests that, in order to provide a greater incentive, local and regional authorities be involved upstream in analysing the situation and searching for solutions;

71. declares itself ready to work with the other EU institutions in setting up a real system of conditionality in the payment of funds, while striving for the simplification of purely formal monitoring procedures;

72. calls for a comprehensive review of the EU financial regulation to make financial rules simpler both to implement and to enforce with the aim of encouraging more potential beneficiaries to apply to EU calls for tenders;

Reform of funding

73. points out again that that the new system for financing the EU budget must be based on transparency and on new own resources, and exclude all types of financial corrections and exemptions;

74. considers that an EU budget cannot be negotiated solely in terms of the net contribution of the Member States, because this is inconsistent with the basic philosophy behind the creation of the European Union and contrary to the objectives of the Europe 2020 strategy; such an approach has the risk of leading to demands for the re-nationalisation of policies, which the CoR firmly opposes;

75. welcomes the ideas set out by the Commission for defining a funding mechanism based on own resources. It notes that their territorial impacts are not identical and that some of the paths considered are already managed by regional and local authorities in some Member States;

76. will carefully assess the territorial impact of each of these, particularly those which are most linked to the theme of sustainable growth, to the extent that the resources thus released are then channelled directly into projects which encourage energy efficiency on the ground, protect the environment, prevent risks or intervene in the event of major disasters;

77. is of the conviction that in the long term, the increase of existing own resources and/or the introduction of new own resources should aim at replacing national contributions to the EU budget. Emphasises that:

— a thorough impact and feasibility assessment needs to be carried out before any new own resources can be agreed upon;

— any new source of revenue must be a stable source of income and not be subject to unpredictable changes;

78. stresses that the use of these financial resources must be governed by flexible administrative procedures.

Brussels, 31 March 2011.

*The President
of the Committee of the Regions*
Mercedes BRESSO

Opinion of the Committee of the Regions on ‘The European Platform against Poverty and Social Exclusion’

(2011/C 166/04)

THE COMMITTEE OF THE REGIONS

- recognises that competence for delivery of actions on the ground in this area rests primarily with Member States and local and regional authorities, although the Commission can support this through EU funding and facilitating mutual exchanges of best practice, shared knowledge, and through proper assessment of the social impact of EU policies;
- welcomes the references to tackling child poverty as a priority of the flagship initiative, however, regrets the limited commitment to doing this and the narrow perspective taken of child poverty, and sees no reason to delay adoption of the Child Poverty Recommendation in 2011;
- calls for the Commission to give unequivocal backing to maintaining and building on the work of the Social Open Method for Coordination (OMC), exploring how regional and local stakeholders can be more effectively engaged in this process;
- suggests to the Commission to prepare EU level Guidelines for Member States to ensure effective participation of local and regional authorities and other stakeholders in the preparation of the NRPs; notes that ‘territorial pacts’ are potentially the most comprehensive and coherent mechanism for involving local and regional authorities in this process;
- supports the broadening of the European Social Fund focus from employability and quantity of jobs to combating poverty and social exclusion on the understanding that an integrated employment policy as a core element in a successful drive to reduce poverty will remain a key priority as part of the ESF;
- notes the overwhelming support from respondents to the Committee of the Regions survey for a compulsory priority to combat social exclusion and poverty under the future regional programmes in the EU Cohesion Policy.

Rapporteur	Ms Christine CHAPMAN (UK/PES), Member of the National Assembly of Wales
Reference document	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions <i>The European Platform against Poverty and Social Exclusion: A European framework for social and territorial cohesion</i> COM(2010) 758 final

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

Visibility and commitment ... actions speak louder than words

1. welcomes the commitment by the EU to lift at least 20 million Europeans out of the risk of poverty and social exclusion by 2020 and welcomes the Communication from the Commission *'The European Platform against Poverty and Social Exclusion: A European framework for social and territorial cohesion'* (COM(2010) 758 final) as a dynamic framework for action to support achieving this target;

2. welcomes the greater visibility given to poverty and social exclusion in the Europe 2020 Strategy, and agrees that the social dimension should be at the heart of this strategy; recalls that poverty is a threat to at least 1 in 6 European citizens;

3. notes that the test of success of the flagship initiative will be the extent to which it initiates, encourages and supports – in political, technical and financial terms – actions that deliver real sustainable change in individual people's lives;

4. recognises the importance in this context of involving people themselves living in poverty and also the NGOs that work with them;

5. calls on the Commission and Member States to demonstrate genuine political will to translating the EU level commitments on poverty into real action adopting an approach that includes implementation of the rights contained in the Charter of Fundamental Rights and introduction of the horizontal social clause, in close cooperation with local and regional authorities, and take this opportunity to build a fairer, more just and more equitable society;

6. notes, however, that poverty and social exclusion cannot be sustainably reduced, nor inclusive growth achieved, without tackling inequality and discrimination; notes that increased growth and employment during the period 2000-2008 did

not have a substantial impact on poverty, whilst inequality increased in many countries; this situation has worsened as a result of the impact of the ongoing social and economic crisis;

7. wishes to highlight the need to draw up, as a matter of priority, a framework and a roadmap for implementing the Recommendation on Active Inclusion and a directive guaranteeing an adequate minimum income, which is at least above the poverty line;

8. expresses its deep concern on the imbalance between the European Commission's previous commitment to ensure 'smart, sustainable and inclusive economic growth' and the recent Communication on the Annual Growth Survey with a focus on stronger fiscal consolidation;

9. emphasises the importance of work, but also notes that employment alone does not guarantee a route out of poverty and that further action is required to combat in-work poverty, and ensure access to quality, sustainable employment and regrets that the key issue of ensuring an adequate income, in line with Council Recommendation 92/441/EEC and the 2008 Commission Recommendation on Active Inclusion is not further emphasised;

10. notes that the objective of high quality of life and well-being for all EU citizens must be pursued so as to reduce poverty and social exclusion, which are a reality for too many EU citizens; measures must be taken to lower threshold effects and create more and wider ways into the job market for people who are excluded;

11. recognises that competence for delivery of actions on the ground in this area rests primarily with Member States and local and regional authorities, although the Commission can support this through EU funding and facilitating mutual exchanges of best practice, shared knowledge, and through proper assessment of the social impact of EU policies; welcomes in this context the Commission's commitment to social impact assessments but requests these impact assessments to become territory-sensitive;

12. reiterates the need to introduce a social horizontal clause in the context of Article 9 of the Treaty on the Functioning of the European Union which ensures that Single Market related legislation takes into account requirements linked to the promotion of social cohesion, particularly a high level of employment, the guarantee of adequate social protection, the fight against social exclusion and discrimination, a high level of education, training and the protection of human health and sound housing policy, and does not limit in any way the exercise of fundamental rights as recognised in Member States and in the EU treaties;

13. acknowledges the work undertaken during the European Year for Combating Poverty and Social Exclusion (2010) to give greater profile to these issues; seeks the *European Platform against Poverty and Social Exclusion* to be used as a vehicle to ensure the European Year's legacy is rooted in the political priorities of the EU for the next decade;

Multiple-dimension of poverty and particular vulnerable groups

14. welcomes recognition within the Communication of the multi-dimensional form of poverty and social exclusion, and in particular the explicit references to child poverty, young people, the elderly, the working poor (including lone parents and single-wage families), women, disabled people, migrants, ethnic minorities and the Roma people;

15. welcomes recognition of the complex elements that contribute towards poverty, including access to employment, low income levels and personal debt, access to basic services, education, health, mental health, housing, discrimination, as well as the challenge of inter-generational transmission of poverty and the territorial dimension to poverty;

16. welcomes the reference to the importance of combating homelessness and recalls its recent opinion on the issue ⁽¹⁾;

17. refers to its opinion on the Green Paper on pensions ⁽²⁾ and welcomes the Commission's announcement to present in 2011 a White Paper to address sustainability and adequacy of pensions;

18. reiterates the call for the Commission to set an ambitious European social housing agenda which will strengthen its role in social inclusion policies in the next generation of structural funds and confirm that the public service functions of social housing are to be defined at Member State level;

19. agrees that a holistic and integrated approach, encompassing the needs of the different groups, and the

particular challenges faced, is required to alleviate and prevent poverty;

20. wishes to highlight here too the important role that can be played by those who have themselves experienced poverty and by NGOs working with people in this situation and also acknowledges that all other relevant stakeholders, such as the social partners, public and private service providers, civil society organisations and local and regional governments and authorities should be involved in a holistic and integrated approach;

21. highlights the negative externalities associated with poverty and social exclusion, including the impact on health, mental health, impact on solidarity within society, lack of trust, disengagement, violence, and potential social unrest;

22. calls for greater recognition from the Commission and from Member States that poverty is a shared responsibility and a challenge for society as a whole, and not to be viewed as a stigma or failure of people who happen to be poor or socially excluded;

23. welcomes the commitment to adopt at the June 2011 European Council a strategy for the social integration of the Roma;

Child Poverty

24. highlights in particular the importance of addressing child poverty, which represents a badge of shame for EU society, and agrees that addressing child poverty is an important factor in tackling inter-generational transmission of poverty, which requires a holistic approach to prevention, placing the rights of children at the forefront;

25. expresses disappointment that EU leaders could not agree to a specific child poverty target/commitment as part of Europe 2020;

26. welcomes the references to tackling child poverty as a priority of the flagship initiative, however, regrets the limited commitment to doing this and the narrow perspective taken of child poverty, and sees no reason to delay adoption of the Child Poverty Recommendation in 2011;

27. calls for a more comprehensive approach to the issue of child poverty, and notes that work is already advanced within the EU on this in terms of establishing 'common principles', evidenced by the declaration signed by the EU Presidency Trio (Belgium, Hungary and Poland) at the Child Poverty Conference in September 2010, and the Employment Council's conclusions of 6 December 2010, which call for combating Child Poverty to be a priority;

⁽¹⁾ CdR 18/2010, adopted in October 2010.

⁽²⁾ ECOS-V-008 CdR 319/2010 final adopted on 28 January 2011.

28. notes also the actions being taken at regional level to address child poverty in a more comprehensive way, further encourages best practises to achieve the best possible outcome in this regard;

29. calls for social impact assessments to take specific account of the potential impact of measures on the already precarious situation of children in families at risk of poverty;

Social, financial and economic crisis

30. welcomes the references to the economic and financial crisis, however, is disappointed that the Communication does not go further; calls for more recognition to be given to the significant social costs that have resulted already, and calls for the Commission to undertake an in depth analysis of the impact the austerity measures being taken by national governments across Europe are having and will have in the coming years on poverty and social exclusion, including the effect at local and regional level on provision of core services of general economic interest;

31. urges that there be an assessment of reforms undertaken, in particular of the extent, costs and impact of societal innovations, and that new solutions that have proven effective be developed and applied throughout Europe;

32. reiterates the potential risk of a lost generation of young people as a result of the impact of the crisis, evidenced by the increase in youth unemployment to around 21 % in 2010; however, reiterates that youth unemployment is an intractable and continuous problem fluctuating between 14,5 %-18 % during 2000-2008; notes that these figures disguise significant variations across the EU, between Member States and within Member States, and down to the level of small communities;

33. draws attention to the difficulties experienced by those in poverty to access regular Banking and Financial Services, and the role of local and regional authorities in providing financial information, support and advice;

34. calls for urgent action to address the consequences of high personal indebtedness; welcomes in this context the reiterated commitment to the Progress Microfinance Facility for microloans but urges caution in pursuing measures aimed at stimulating new forms of commercial micro-financing, driven by the pursuit of profit for the lenders rather than the pursuit of financially and socially sustainable economic activity;

Governance and partnership

35. welcomes the references to engaging local and regional authorities through the Committee of the Regions as a way to increase focus on the territorial dimension of poverty and

strengthen synergies in the delivery of EU funds; questions lack of reference to local and regional authorities in section 3.5 on stepping up policy co-ordination between Member States, given that in many Member States they have direct competence for social policy;

36. calls for the Commission to give unequivocal backing to maintaining and building on the work of the Social Open Method for Coordination (OMC), exploring how regional and local stakeholders can be more effectively engaged in this process; highlights the value of its work in raising the profile of issues such as active inclusion and child poverty;

37. seeks clarification on the status of the National Action Plans for Social Inclusion, and whether these will be integrated into the National Reform Programmes (NRPs) for Europe 2020; seeks reassurance that if this is the intention, this approach will not lead to a narrow focus on 'macro-economic' targets, and that the Commission will reconsider reinstating NAPs for Social Inclusion should the mainstreaming approach not work effectively;

38. suggests to the Commission to prepare EU level Guidelines for Member States to ensure effective participation of local and regional authorities and other stakeholders in the preparation of the NRPs; notes that 'territorial pacts' are potentially the most comprehensive and coherent mechanism for involving local and regional authorities in this process, as envisaged in the Fifth Cohesion Report;

39. expresses its concern at the postponement of the Communication on Active Inclusion to 2012, and asks the Commission to advance the publication of the Communication to 2011, including an assessment of implementation of active inclusion;

40. welcomes reference to participation of people experiencing poverty as a key objective of inclusion policies, and would welcome more explicit commitment in the flagship initiative about how the Commission proposes to do this, including the key target groups identified in the Communication. For example, is this envisaged as part of the high level steering committee that will be set up to drive forward the social innovation actions?

Territorial Cohesion and future EU funding

41. welcomes reference to territorial cohesion in the title of the Communication and underlines the proposed Platform and the EU structural funds are not just delivery vehicles of Europe 2020 but perform broader roles in addressing the social and territorial cohesion objective that is part of EU treaties;

42. agrees that paths should be explored to ensure a better and more effective use of these structural funds in support of the Europe 2020 objectives and supports the broadening of the European Social Fund focus from employability and quantity of jobs to combating poverty and social exclusion on the understanding that an integrated employment policy as a core element in a successful drive to reduce poverty will remain a key priority as part of the ESF; societal innovations in particular should be created and propagated, so that new solutions can be developed in response to problems and challenges, and proven approaches can be collected and used as benchmarks for national, regional and local authorities; notes that achieving a 75 % employment target is not in itself sufficient to reducing poverty and social exclusion, and that more emphasis should be placed on addressing the working poor, and raising the quality and sustainability of jobs across Europe, including measures aimed at ensuring adequate incomes, including social benefits;

43. stresses the reality of the austerity measures taken in most Member States and underlines their immediate impact on people living in poverty and exclusion; notes the overwhelming support from respondents to the Committee of the Regions survey for a compulsory priority to combat social exclusion and poverty under the future regional programmes in the EU Cohesion Policy; therefore, calls on the Commission to take this on board in the legislative proposals to be presented in 2011, whilst underlining the importance of ensuring flexibility at the local and regional level to determine the most appropriate implementation methods in combating social exclusion and poverty on the ground;

44. supports efforts to enhance coordination/synergies between the different EU structural funds to ensure a joined up approaches to tackling the multidimensional dimension of poverty and social exclusion, including the territorial dimension to poverty;

45. stands ready to assist the European Commission in monitoring the implementation of the Europe 2020 strategy by local and regional authorities through its Europe 2020 monitoring platform;

Social Economy, Social Innovation and Experimentation

46. welcomes the contribution that the social economy, volunteering and Corporate Social Responsibility can bring in

terms of providing added value to existing universal public service provision;

47. recognises the added value of the active participation of all relevant stakeholders, including those themselves facing poverty and social exclusion, NGOs working with people living in poverty, the social partners, service providers and of course, government at the local, regional, national and EU levels;

48. agrees with the guiding principles adopted by the European Centre for Volunteers (CEV) on the European Year of Volunteering 2011, underlining in particular that volunteering, as an unpaid activity carried out of free will, must not be a substitute for paid work and should not be used as a cheap alternative to replace workforce, or government/public services as a cost-cutting exercise;

49. welcomes initiatives aiming at encouraging companies to employ people from disadvantaged groups and taking better account of social considerations in public procurement;

50. thus acknowledges the importance of support for the social economy and special employment schemes as a means of achieving better working conditions and more sustainable jobs;

51. reiterates the importance of measures that simplify access of NGOs and small partnerships to EU funding, including facilitating access to global grants for small organisations;

52. and agrees that evidence-based social innovation can be crucial to developing new solutions or responding to new challenges, but emphasises that such an approach should recognise existing good practice across Europe, and seek to support and encourage transfer of best-practice, mutual-learning and peer-review by NGOs/community organisations, with a particular emphasis on small-scale actions and grassroots work of such organisations on the ground. Such actions should be introduced in a sensitive way to avoid any risks of stigmatisation of poor people, and we caution use of the phrase 'social experimentation' for this reason.

Brussels, 31 March 2011.

*The President
of the Committee of the Regions*
Mercedes BRESSO

Opinion of the Committee of the Regions on ‘The Danube Region Strategy’

(2011/C 166/05)

THE COMMITTEE OF THE REGIONS

- very much welcomes the European strategy for the Danube region (COM(2010) 715 final) (Danube Region Strategy), incorporating several of the recommendations put forward by the Committee of the Regions in its previous opinion of 7 October 2009. The Strategy is indeed of fundamental importance for regional and local cooperation within the Danube region;
- points out in particular that it is vital to the implementation and success of the strategy's goals for all interested parties to be involved consistently and constantly, and to continue to be in future;
- welcomes the use of national and regional coordinators, though the communication contains only a broad outline of their tasks. Macroregions are in their infancy, and the Committee of the Regions therefore recommends that the coordinators within the strategy should meet regularly to exchange experience, and also that there should be opportunities for exchanges of experience between the Baltic Sea and Danube Region strategies;
- urges the European Commission to ensure that the project selection procedures for the macroregional strategies include sufficient safeguards to ensure that existing financing systems and sources of funding can in fact be used for the strategies;
- recommends looking into whether, due to the particular geographical, historical and cultural significance of the Danube region, the new macroregion means that the south-east Europe cooperation area under the European Territorial Cooperation (ETC) programme (strand B) could be adjusted accordingly. This would enable European cohesion policy to take account of the new Danube macroregion and allow for cooperation within a single cooperation area.

Rapporteur-General	Wolfgang REINHART (DE/EPP), Minister for Federal and European Affairs, Land of Baden-Württemberg
Reference document	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - The European Union strategy for the Danube region COM(2010) 715 final

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

General comments

1. very much welcomes the European strategy for the Danube region (COM(2010) 715 final) (Danube Region Strategy), incorporating several of the recommendations put forward by the Committee of the Regions in its previous opinion of 7 October 2009. The Strategy is indeed of fundamental importance for regional and local cooperation within the Danube region, as the European Parliament also acknowledged in its resolution of 17 February 2011;

2. notes that macroregions also pursue the objective of heightening the efficiency of the instruments in functional regions for cross-border, transnational and interregional cooperation between Member States, regions and municipalities and, in accordance with the multi-level governance principle, of improving cooperation between the European, national, regional and local levels further so that the EU's policy objectives can be implemented more efficiently. The potential of the strategy for the Danube region lies, amongst other things, in cross-border, transnational and interregional solutions, and it represents a valuable tool for European integration policy;

3. feels that the territorial dimension of the strategy will help to flesh out the territorial cohesion objective introduced by the Lisbon Treaty as an EU objective; therefore asks the Commission to take a more in-depth look, in the form of a Green Paper, at the role and impact of macro-regions in post-2013 EU regional policy; in this context, points out that the Committee of the Regions already put this request to the European Commission in its resolution on the Commission's legislative and work programme for 2010;

4. recalls the position of the European Commission stating that macro-regional strategies should currently take into account the principle of "three no's" – no new regulation, no new institutions and no additional funding; thinks, however, that there should also be "three yeses": jointly agreed application and monitoring of existing rules in the macro-region; creation – for which EU bodies should be responsible – of a platform, network or territorial cluster of regional and local authorities and Member States which also brings in stakeholders; agreed use of existing Union funding for developing and implementing macro-regional strategies;

5. emphasises that the European Danube region strategy is perfectly compatible with the development of Euro-regions focusing on cooperation between border regions or the development of European structures in the context of cross-border, transnational and interregional projects assuming the legal form of a European Grouping of Territorial Cooperation (EGTC);

6. points out that the Commission's communication stresses that the world's most international river is now largely a European Union (EU) space and that "there are new opportunities to address its challenges and potential". The Danube Region Strategy is the second macroregional strategy of this kind that the Commission has produced in just one and a half years. This indicates that there is an increased need for more efficient cooperation within the EU, with the strategy for the new Danube region macroregion being an example of that;

7. stresses that, in view of the particular significance of European territorial cooperation, which is one of the three pillars of European cohesion policy, macroregions form a constructive framework for networked thinking, focused action and thus more efficient use of the existing coordination and funding structures to serve the Europe 2020 objectives;

8. notes that the broad-based consultation process is an absolute must in ensuring acceptance for the Danube Region Strategy and that it reflects the established needs of all national, regional and local stakeholders, who identify with the macroregion as a functionally unified, natural, cultural, social and economic space;

9. points out in particular that it is vital to the implementation and success of the strategy's goals for all interested parties, expert institutions, interregional, regional and local networks, local and regional authorities in the Danube region, institutions with responsibility for regional development, civil society, non-governmental organisations (NGOs) and all Member and non-Member States within the Danube regions to be involved consistently and constantly, and to continue to be in future;

10. underlines the particular importance and responsibility of the Danube area which consists of EU Member States, EU accession candidates, potential accession candidates and countries which are included in the European Neighbourhood Policy. The macroregion covers 14 countries in total: the Member States Germany (the *Länder* of Baden-Württemberg and

Bavaria), Austria, Slovakia, the Czech Republic, Slovenia, Hungary, Romania and Bulgaria, and the non-Member States Croatia, Serbia, Bosnia-Herzegovina, Montenegro, Ukraine and Moldova. It provides a real opportunity to smooth the way for economic growth, prosperity and security, and the strategy can help to make the Danube region "one of the most attractive in Europe", as the Commission puts it. The Danube region is home to around 115 million people and covers a fifth of the territory of the EU;

11. emphasises that the need for a common strategy was raised at the initiative of the countries, *Länder* and regions concerned and that there is a growing shared recognition that the manifold tasks and challenges can only be dealt with in concert. The Committee of the Regions notes that the high degree to which people identify with the Danube region makes the strategy a highly effective tool in long-term peacekeeping, which provides stability and security not just for the regions concerned but for the whole of the EU;

12. notes that the Danube Region Strategy helps to further promote democracy and the rule of law, decentralisation and greater local and regional self-government in the Danube region, particularly in those countries that are not EU Member States. Since the fall of the Iron Curtain, the Danube region has also formed a link between East and West; as such, it helps to overcome Europe's internal and external borders and to develop its natural, cultural, social, economic and scientific diversity and dynamism;

13. sees cooperation at all levels – national, regional and local – as absolutely vital in respecting the principles of subsidiarity, partnership and proximity to the citizens, and also highlights the added value that regional and local cooperation in the Danube region brings to the pre-accession process for candidate and potential candidate countries;

The EU strategy and its substance

Challenges and tasks for the Danube macroregion

14. welcomes the Commission's statement that "the Danube can open the EU to its near neighbours, the Black Sea region, the South Caucasus and Central Asia". Macroregional strategies are a perfect example of cooperation between neighbours, both within the EU and between the EU and non-Member States, and they also demonstrate how integrated, multisectoral approaches can be combined with multilevel governance and put into practice;

15. agrees with the Commission that socioeconomic development, competitiveness, environmental management and resource efficient growth can be improved, and mobility and security further enhanced;

16. notes that the structure of the Danube Region Strategy has been built upon the experiences gained from that of the

Baltic Sea Strategy. In order to implement the strategy in practice, an action plan was drawn up with the cooperation of all national, regional and local stakeholders and interested parties. This action plan was divided into four pillars with 11 priority areas, and contained 124 individual project examples;

17. particularly welcomes the fact that the Danube Region Strategy proposes concrete, measurable target examples that should bring results that people can see;

18. feels that macro-regional strategies should not cover the full range of policies but initially concentrate on shared challenges in the macro-region which have been jointly identified using a partnership-based approach; therefore welcomes the decision to focus on cooperation in four pillars: connecting the Danube region (mobility, sustainable energy, promoting culture and tourism); protecting the environment (water quality, environmental risk management, maintaining biodiversity); building prosperity in the Danube region (developing the knowledge-based society through research, education and information technologies, promoting the competitiveness of businesses, including the formation of clusters, investment in skills); and strengthening the Danube region (improving institutional capacities and cooperation, increasing security, combating serious and organised crime);

19. points out that the involvement of the national, regional and local levels will be crucial to achieving the objectives. Where necessary, appropriate action should be taken to put local and regional stakeholders in a better position to develop appropriate implementation structures to achieve the objectives. The processes of capacity building and good governance are key elements in implementing the strategy in the Danube region, in which connection the Council of Danube Regions and Cities (RDSR) could be an active partner in the development of joint projects;

20. generally sees the action plan as an important reference document and welcomes the Commission's characterisation of it as an indicative framework that is based on the status of the projects and can evolve dynamically;

21. notes that there is significant added value to be gained from closer links between existing networks, initiatives and organisations such as the International Commission for the Protection of the Danube River (ICPDR), the Danube Commission, the Regional Cooperation Council, the Danube Cooperation Process, the RDSR, the Working Community (ARGE) of the Danube States, and the Danube Tourist Commission;

Including young people

22. draws attention to the fact that the active involvement of younger people is one of the cornerstones in securing permanent peace and stability in Europe;

23. notes that the action plan provides scope for projects with and for young people, but believes that the role and significance of the next generation should be given greater weight. It is vitally important to pass our shared values onto young Europeans in an ongoing process of exchange and joint communication, and to raise young people's awareness of democratic processes and of understanding, tolerance and respect for minorities and for the cultural and ethnic diversity of Europe's regions. The incalculable value of school exchanges and youth exchanges, workshops, networks and cooperation opportunities for young people should not be underestimated;

24. calls for greater attention to be paid to this aspect when further developing the action plan, including in the context of existing mobility programmes. The "Young Citizens Danube Network" (YCDN), based in Novi Sad, is a good example of how young people can forge a Danube regional identity, and thus also a European identity. Another example would be the establishment of a "Danube Youth Foundation" to organise interaction, exchange, education and cooperation between young people on a long-term basis;

Transport

25. acknowledges the importance of implementing the transport objectives, particularly in inland navigation and road, rail and air infrastructure, and shares the Commission's assessment that more progress needs to be made in implementing the TEN-T projects and rail freight corridors according to Regulation (EU) No 913/2010; the progressiveness of the Danube strategy should be particularly highlighted because of the importance of linking these corridors with each other and with the regional environment, as well as linking various modes of transport;

26. feels that greater use needs to be made of the Danube's potential. The priority goals within the Strategy's first pillar on connecting the Danube Region through improving mobility are to increase cargo transport on the Danube, to create north-south connections, and to develop efficient terminals at Danube river ports and open them up to modern, multimodal, interoperable use. Simultaneously agrees with Commission on the need of applying an integrated approach for balancing the developments with sustainability of environment;

27. refers to the Belgrade Convention which regulates navigation on the Danube;

Environment

28. emphasises the prime importance of environmental protection, and in particular the need to ensure that water quality complies with the EU Water Framework Directive. The Committee of the Regions agrees that "sustainable water management is needed", and the River Basin Management Plan is an important benchmark in this connection. Priority should be given to measures aimed at conserving the natural flood retention capacity of the Danube basin and preventing the recurrence of floods. Besides, the Danube includes several Special Protection Areas and Special Areas of Conservation

relating to Natura 2000 as well as the Danube Delta, which has been on the UNESCO World Heritage List since 1991; it therefore represents a unique and fragile ecosystem which is home to various rare species threatened by pollution. In view of this, we must halt the loss of biodiversity and ecosystems, and maintain diversity of species, and ensure that EU funding is spent on projects consistent with implementation of European environmental legislation. These goals should be reflected in the objectives and specific programmes of the CAP (Common Agricultural Policy) and national agricultural support schemes;

29. stresses that it is of central concern that good water quality should be ensured in line with the Water Framework Directive, that nutrient levels in the Danube should be reduced, that the delta management plan should be completed and adopted by 2013, that Danube-wide flood risk management plans should be implemented, that effective management plans should be drawn up for all Natura 2000 sites, that viable populations of Danube sturgeon and other species should be secured and that soil erosion should be reduced. The ICPDR and the tools available to the Commission, such as Global Monitoring for Environment and Security (GMES) and Common Agriculture Policy instruments, will have an important role to play in these objectives; the structures, knowledge and instruments already available in this area should be optimised in line with the strategy, particularly with regard to counteracting the risk of, for example, floods and natural disasters;

30. stresses the need for enhanced regional cooperation in order to reduce the risk and potential effects of natural disasters, in particular floods, drought, forest fires, storms, erosion, icing and water scarcity, as well as industrial accidents by strengthened disaster management including prevention, preparedness and response;

31. notes that the transport and environment aspects of the sustainable development of the Danube region should respect the fundamental principles set out in the "Joint Statement on Guiding Principles for the Development of Inland Navigation and Environmental Protection in the Danube River Basin" by the ICPDR and the International Sava River Basin Commission (ISRBC);

32. stresses the importance of promoting sustainable tourism in the regions and draws attention to the potential of a cycle path along most of the river;

Energy

33. notes that investing in energy infrastructure, promoting sustainable energy and improving the coordination of energy policies are quite rightly prioritised in the Danube Region Strategy. Modernising energy networks, implementing the European Energy Programme and reinforcing the TEN-E network could bring about significant improvements for the region. It is also important to achieve the national climate and energy targets by 2020;

Economy

34. underlines the importance of building prosperity in the Danube region, of increasing the competitiveness of businesses and developing clusters, of boosting economic strength, of reviving and improving the labour market, and of providing better opportunities for disadvantaged groups. The Committee of the Regions would also highlight the role of metropolitan areas as centres of productivity, innovation and exchange;

35. emphasises the point made by the European Commission that *"one third of EU's population at risk of poverty, many from marginalised groups, live in the area (the Danube macro-region). Roma communities, 80% of whom live in the Region, suffer especially from social and economic exclusion, spatial segregation and sub-standard living conditions. Efforts to escape these have EU-wide effects, but the causes must be addressed first in the Region"*; feels that this warrants a special territorial approach to the flagship initiative on the platform against poverty and social exclusion;

36. points out that the regions, cities and municipalities have a key role in making contact and in supporting projects by small and medium-sized enterprises. The Committee of the Regions also notes that experience with the Baltic Sea Strategy shows that the private sector should be more closely involved;

37. stresses that increasing prosperity and competitiveness should go hand in hand with improving and protecting natural resources over the long term;

38. highlights the importance of creating a business-friendly framework for a competitive market economy, in order to provide small and medium-sized enterprises (SMEs) in the Danube region with the greatest possible opportunities for development;

39. notes that, not least due to the limited size of national markets, SMEs are a key factor in a prosperous Danube region. Agriculture, craft trades, industry and the service sector should be given equal consideration here. Fit-for-purpose vocational training, such as training for skilled workers, and science and research are important elements in the innovative competitiveness of the Danube region. A strong technology transfer system should encourage the rapid implementation of research results into commercial practice;

40. highlights, in this connection, the importance of developing equal access to digital infrastructure and promoting its use throughout the Danube region, in order to significantly reduce the technology gap between countries in access to and use of such infrastructure, which is large in some cases;

Education and research

41. notes that improving education and qualification opportunities in the region will significantly increase its attractiveness

as an economic and scientific centre. For example, actions and opportunities in "dual" theoretical/practical training systems could help to improve young people's skills;

42. stresses that there should be a particular emphasis on targeted support and assistance for research infrastructure and multilateral networks of universities and colleges in the Danube region. Network institutions such as the Andrassy University Budapest and the European Danube Academy are especially important here, because of their research and teaching focus on the Danube region;

Culture and civil society

43. stresses that the unique natural, cultural and ethnic diversity within the Danube region should be maintained as part of cultural projects and made accessible and tangible by means of sustainable tourism concepts;

44. highlights the role of the regional and local authorities, of their affiliations and associations and of civil society in promoting intercultural dialogue. Regions, cities and municipalities are in a particularly good position to integrate their experiences with diverse populations effectively into intercultural and inter-faith dialogue;

45. also points, in this connection, to the importance of civil society and of local authority partnerships, which not only contribute to intercultural dialogue and to breaking down prejudices, but can also form a framework for economic and social cooperation, promote sustainable development and thus make a positive contribution to implementing the goals of the Europe 2020 strategy. Cooperation between people and institutions working in the cultural sector in the regions and cities in the Danube region may also help to develop a network with a high creative potential;

46. points out that the development and maintenance of social networks and structures requires a high degree of involvement from the public, and that lifelong and inter-generational learning should be strengthened;

Good governance and security

47. emphasises the high priority of the targets under the pillar "strengthening the Danube region", in particular of reinforcing the rule of law as a precondition for improving structures and capacity for private and public sector decision-making and for combating trafficking in human beings, smuggling of goods, corruption, serious and organised crime and cross-border black markets;

48. notes that the exchange of experiences concerning good administrative practice in cooperation between the national, regional, municipal and local levels and in all areas of public services is an important building block in developing good governance, not least across national and administrative borders;

The EU strategy and its implementation

Coordination

49. welcomes the fact that the Commission is continuing to coordinate policy with the Member States. Following the example of the Baltic Sea Strategy, however taking into account the specificities of the Danube area, the Danube Region Strategy is also to have a High Level Group with representatives from all Member States to support the Commission's work, and representatives from the non-Member States are to should also be invited to its meetings. The communication does not specify how frequently the policy orientations should be evaluated and the action plan updated; these aspects should be clarified;

50. welcomes the use of national and regional coordinators, though the communication contains only a broad outline of their tasks. Macroregions are in their infancy, and the Committee of the Regions therefore recommends that the coordinators within the strategy should meet regularly to exchange experience, and also that there should be opportunities for exchanges of experience between the Baltic Sea and Danube Region strategies. On the basis of experience gained with the Baltic Sea Strategy, the Committee of the Regions calls for the option of providing technical assistance for coordination activities to be examined;

51. also notes, in this connection, that regular forums for all national, regional and local stakeholders and for interested parties and civil society are an appropriate way of reviewing projects, taking a critical look at policy orientations and increasing public acceptance of the strategy;

52. calls for the results of the studies on the Danube region by the European Spatial Planning Observation Network (ESPON) to be taken into account when coordinating the objectives;

Reporting

53. feels that it is important to monitor progress in implementing the action plan. Annual reports on the existing programmes and strategic reporting at Member State level form the foundations for this, and should be prepared by the coordinators. The reporting requirements for the EU programmes should focus on the currently available data for the current subsidy period;

Implementation

54. notes that national, regional and local stakeholders all contribute to the success of the projects, but the administrative implementation of the strategy presents challenges due to a lack of support for the creation of structures. The communication calls for concrete projects to be proposed that are "detailed and require a project leader, a timeframe and financing". The Committee of the Regions suggests that an evaluation of the implementation strategy be allowed for after a year, in order to optimise processes and decision making;

Funding and subsidies

55. points out that the communication makes only general statements regarding the funding of the Danube Region Strategy, and takes note of the Commission's position that the macroregions should not be given preferential treatment with regard to budgets or legislation. During the current funding period, the strategy should be implemented by mobilising or aligning existing funding, in line with overall frameworks;

56. urges the Commission to ensure that the project selection procedures for the macroregional strategies include sufficient safeguards to ensure that existing financing systems and sources of funding can in fact be used for the strategies;

57. urges the Commission to ensure that support programmes in fields such as youth work and ICT provision can also be applied to the macroregional strategies;

58. recommends examining the extent to which targeted further training could be provided for applicants at national, regional and local level, particularly from 2014 onwards, in order to strengthen people's ability to draw on funding and to help to ensure that greater use is made of existing funding sources and instruments in practice;

59. notes that the success of the objectives also depends on the Member States and local and regional authorities in the Danube region, as well as institutions responsible for regional development, making use of the environmental programmes promoted by the Commission, such as LIFE+ (redevelopment of rivers and riverside systems) and the Intelligent Energy Europe (IEE) programme;

60. believes that efforts by non-governmental organisations, economic and social stakeholders and regional and local authorities to promote cross-border and transnational projects play a central role. The Structural Funds and relevant programmes within cohesion policy are important tools that should be used sensibly and effectively to put projects into practice;

61. recommends looking into whether, due to the particular geographical, historical and cultural significance of the Danube region, the new macroregion means that the south-east Europe cooperation area under the European Territorial Cooperation (ETC) programme (strand B) could be adjusted accordingly. This would enable European cohesion policy to take account of the new Danube macroregion and allow for cooperation within a single cooperation area, thus facilitating:

- a. in particular, more effective use of the region's potential in the strategic policy fields of infrastructure, waterways, energy, innovation, the environment, flood protection and sustainable economy,

- b. the targeted, sustainable and efficient exploitation of shared economic and scientific potential,
 - c. the transfer of innovations within the Danube region,
 - d. greater synergies, both in connection with cooperation between the national, regional and local levels and at cross-sector level between policy fields, thus increasing the performance and effectiveness of this region and of the EU as a whole,
 - e. a better understanding of the Danube region in its overall natural, cultural and historical dimension as a unified area within Europe;
62. notes in this connection that a cooperation area would be of benefit to the dynamic development of the Danube region. The Instrument for Pre-Accession Assistance (IPA) and the European Neighbourhood and Partnership Instrument (ENPI) are flexible measures for integrating EU candidate and potential candidate countries and third countries into the cooperation area.

Brussels, 31 March 2011.

*The President
of the Committee of the Regions*
Mercedes BRESSO

Opinion of the Committee of the Regions on ‘Policy orientations on road safety 2011-2020’

(2011/C 166/06)

THE COMMITTEE OF THE REGIONS

- is pleased with the new policy orientations on road safety submitted by the European Commission, and endorses the seven proposed objectives and associated actions; calls on the Commission to clarify exactly what contribution it expects each of the seven individual objectives to make to the overall target of a 50% reduction in road deaths by 2020;
- supports the idea of harmonising the various definitions of a major injury, so that the effectiveness of road safety policy can be better monitored and assessed; feels that, on the basis of a common definition of major and minor injuries, a common objective for reducing the number of major injuries should be developed;
- calls on all Member States to transpose the directive on road infrastructure safety management in full and agrees with the Commission that action should be taken to ensure that the principles set out in that directive are applied to all road infrastructure financed from EU funds, albeit with the proviso that the proportionality principle should always be taken into consideration so that small projects are not burdened with unnecessary red tape or disproportionate technical requirements;
- urges the Commission to develop, within the bounds of its competence, initiatives that foster harmonisation between the Member States with regard to road traffic rules, road signs and road markings. It suggests that the Commission launch public discussions on the subject of this opinion via a green paper.

Rapporteur	Mr Johan SAUWENS (BE/EPP), Mayor of Bilzen
Reference document	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Towards a European road safety area: policy orientations on road safety 2011-2020 COM(2010) 389 final

1. POLICY RECOMMENDATIONS

Introduction

1. Road safety will play an important role in the European Commission's forthcoming White Paper on transport policy 2010-2020. The European road safety policy orientations up to 2020 aim to provide a general governance framework and challenging objectives which should guide national and local strategies.

2. In the process of drafting this opinion, consultations were held with the partners in the Subsidiarity Monitoring Network (SMN), starting on 25 October and concluding on 10 December 2010.

The proposed action plan and introductory remarks

— Road safety and local/regional authorities

3. Road safety is a major issue for society. Each year, more than 30 000 people are killed, and an estimated 1 500 000 injured, on the European Union's roads, costing society approximately EUR 130 billion, quite apart from the terrible human suffering involved.

4. The majority of road accidents occur on urban and rural roads, with only 5% taking place on motorways. In most Member States, responsibility for maintaining much of the road network lies with local and regional authorities which are also, in many cases, responsible for enforcing road traffic rules, via the local or regional police. Moreover, local and regional authorities are also often responsible for organising public transport, for local traffic regulations, for running prevention campaigns and for providing emergency assistance at accidents.

5. It therefore makes sense for local and regional authorities to be involved in, and to make a contribution to, initiatives established at national and European level, but also for them to develop, if they consider it appropriate, their own road safety strategies that focus on resolving local problems and are tailored to local circumstances.

6. The Commission acknowledges the role of local and regional authorities in developing and implementing road safety policy and notes that, in line with the principle of subsidiarity, the actions described should be implemented at the

most appropriate level and through the most appropriate means. The communication quite rightly emphasises the need for an integrated approach: 'Road safety has close links with policies on energy, environment, employment, education, youth, public health, research, innovation and technology, justice, insurance, trade and foreign affairs, among others'.

— European Commission target

7. According to the Commission's figures, there were 54 302 deaths on the European Union's roads in 2001. The objective of the previous road safety action programme was to reduce this by 50% to no more than 27 000 deaths in 2010. In 2009, 34 500 road deaths were reported in the European Union, a 36% reduction, and the Commission expects that, in 2010, a total reduction of 41% compared to 2001 will be achieved. Although the objective has thus not quite been reached, this can be seen as a satisfactory outcome.

8. For 2010-2020, the Commission's aim is once again to halve the total number of road deaths in the European Union. Given the reduction already achieved over the past decade and the desire to further improve road safety in the European Union, this objective can be regarded as reasonable, but ambitious.

— Strategic objectives

9. The Commission sets out seven strategic objectives:

- a) Improve education and training of road users
- b) Increase enforcement of road rules
- c) Safer road infrastructure
- d) Safer vehicles
- e) Promote the use of modern technology to increase road safety

f) Improve emergency and post-injuries services

g) Protect vulnerable road users.

10. We can support these objectives as they stand. In their current form, the proposed policy orientations give no cause for concern regarding compliance with the principles of subsidiarity and proportionality, as the objectives of the proposed actions cannot be achieved by the Member States alone. Their scope means that they can be better achieved at European level, because specific European legislation, cross-border actions and cooperation at EU level can ensure that policy is consistent and effective at national, regional and local level. The proposed actions also provide clear added value over actions implemented purely at national, regional or local level. Finally, the proposed form of action is the simplest way of achieving the objectives set, and provides as much scope as possible for national decision-making.

11. However, given that local and regional authorities play an important part in developing and implementing road safety policy, it would be helpful for the Commission to provide figures clarifying exactly what contribution it expects each of the seven individual objectives to make to the proposed overall reduction of 50%. This could shed some light on what efforts may be expected from local and regional authorities.

— Implementation of the European policy orientations on road safety 2011-2020

12. The Commission sets out two principles for the implementation of its policy orientations:

- improving the commitment of all parties concerned through stronger governance;
- creating and developing common tools for monitoring and evaluating the efficiency of road safety policies.

13. The CoR notes that the Commission is aiming to improve monitoring through data collection and analysis, and endorses this approach. We would note in this connection that the current data collection system (CARE database) only uses aggregated data at Member State level: it has no regional dimension, although this information is, in principle, freely available within the Member States. It would be particularly beneficial for the European regions to be able to compare their performance against that of nearby or comparable regions in other countries, just as the Member States can currently compare themselves against each other. The inclusion and availability of such information in the CARE database could therefore bring significant added value and also act as an incentive for local and regional authorities.

— Harmonisation of road traffic rules, road signs, markings and guidelines for infrastructure design

14. The CoR notes that there are significant practical differences between the Member States in terms of the standards they use for road traffic rules, road signs, markings and guidelines for infrastructure design. At the same time, cross-border traffic between Member States – both freight traffic and business-related and recreational passenger traffic – continues to increase year on year. The CoR believes that both road safety and freedom of movement within the EU would be improved if the roads in the various Member States were designed and equipped as far as possible according to the same principles and rules, so that the appearance of the road is clear and recognisable to all road users, even when they cross borders between Member States. Any measures should be based on best practice and scope allowed for adapting solutions to the local situation.

Policy recommendations

THE COMMITTEE OF THE REGIONS

15. stresses that the issue of road safety is extremely **important**, and endorses the principles that the Commission has used to draw up policy orientations for 2011-2020:

- striving for the highest road safety standards throughout Europe;
- promoting an integrated approach to road safety;
- shared responsibility in line with the subsidiarity and proportionality principles;

16. welcomes the positive results achieved by the previous road safety action programme, as revealed in the ex-post evaluation, but notes that, at more than **30 000 road fatalities a year**, the death toll on the European Union's roads remains **unacceptably high**;

17. notes that the Commission is proposing a **50% reduction in the number of road fatalities** for 2011-2020, and considers such an objective to be reasonable but ambitious, given that an average reduction of 36% was achieved in the Member States over the previous period 2001-2009;

18. is pleased with the new policy orientations on road safety submitted by the European Commission, and **endorses the seven proposed objectives** and associated actions;

19. calls on the Commission to clarify exactly **what contribution it expects each of the seven individual objectives to make** to the overall target of a 50% reduction in road deaths by 2020;

20. supports the idea of **harmonising the various definitions of a major injury**, so that the effectiveness of road safety policy can be better monitored and assessed;

21. feels that, on the basis of a common definition of major and minor injuries, a common **objective for reducing the number of major injuries** should be developed, along similar lines to the objective for reducing the number of deaths;

22. highlights the importance of reaching agreement on the **directive facilitating cross-border enforcement in the field of road safety**. Traffic fines and other penalties lose their deterrent effect if they cannot be collected across the EU's internal borders, which also leads to discriminatory treatment because whether or not a traffic offence is punished depends on the nationality of the offender;

23. also calls on all Member States to transpose the **directive on road infrastructure safety management** in full and agrees with the Commission that action should be taken to ensure that the principles set out in that directive are applied to all road infrastructure financed from EU funds, albeit with the proviso that the proportionality principle should always be taken into consideration so that small projects are not burdened with unnecessary red tape or disproportionate technical requirements;

24. thinks that, more generally, and in line with the principles of **subsidiarity and multilevel governance**, local and regional authorities must, first of all, draw up their own road safety policies within their remit and, secondly, participate in the mechanisms established at European or national level for running road safety initiatives;

25. believes that the aim must be for the objectives set out in the strategic policy orientations 2011-2020 to be **integrated in all transport-related policy plans and relevant transport projects** at EU, Member State, regional and local levels;

26. would ask the Commission and the Member States to take steps to improve the **gathering and analysis of accident data**. It is vital to gain a better understanding of road accidents in order to make improvements in terms of developing policy and assessing progress, not least at local and regional level. Member States' methods of gathering and reporting data

should be harmonised further, as recommended in the EU research project SafetyNet;

27. recommends that the Commission and the Member States should supplement the existing system whereby **accidents are recorded** by the police with information on the severity of victims' injuries, which is available from **emergency services and hospitals**;

28. urges the Commission to make more **regional- and local-level information** available, *inter alia* via the CARE database, so that local and regional authorities can compare themselves against comparable regions in other countries;

29. notes that, in many countries, road accidents are the main cause of **work-related injuries**, and suggests that the Commission's action plan could call on **employers** in the public and private sectors to develop policies promoting safe travel as part of an integrated safety culture. Issues of road safety should also be given a higher priority in public and private employers' new and existing company transport plans;

30. highlights the importance of integrating **road safety education** into the required curriculum throughout the period of compulsory schooling in all Member States;

31. urges the Commission to continue to pay attention, via the **research** framework programmes, to academic research into road safety at a European scale, particularly in the following areas:

- the potential benefits to road safety of internalising the costs of accidents;
- impact monitoring of measures in the fields of education, infrastructure, vehicle technology and traffic management;
- the scale of under-reporting of traffic accidents, and strategies to improve reporting;
- research into factors explaining the causes of and the severity of the injuries arising from certain accidents;

32. urges the Commission to develop, within the bounds of its competence, initiatives that foster **harmonisation** between the Member States with regard to **road traffic rules, road signs and road markings**. It suggests that the Commission launch public discussions on the subject of this opinion via a green paper;

33. calls on the Commission to take steps, through existing and forthcoming research programmes, to develop recommendations and codes of good practice for the design and construction of inherently safe road infrastructure that could contribute to better and more harmonised practice in the **design of road infrastructure** in the various Member States. These recommendations could, for example, relate to the design of roundabouts, urban approach roads, rural roads outside built-up areas, cycle paths and pedestrian crossings;

34. urges the Commission to use an appropriate internal mechanism to monitor the implementation of the road safety programme. It may be appropriate to establish a **road safety**

agency or to strengthen existing bodies such as the **European Road Safety Observatory**;

Commitment

THE COMMITTEE OF THE REGIONS

35. draws attention to the European Road Safety Charter (www.erscharter.eu), which was developed by the Commission and calls on Europe's local and regional authorities to sign the charter on an individual basis and to make practical commitments to improving road safety within their own areas.

Brussels, 31 March 2011.

*The President
of the Committee of the Regions*
Mercedes BRESSO

Opinion of the Committee of the Regions on the 'Fifth Cohesion Report'

(2011/C 166/07)

THE COMMITTEE OF THE REGIONS

- appreciates the fact that the future cohesion policy could cover all European regions, regardless of their level of development, and supports the creation of a new intermediate category of regions, based on the principle of equal treatment of regions;
- hopes that additional indicators to GDP can be taken into account in implementing and assessing cohesion policy, so that the development of each region is better reflected;
- reiterates its wish to keep the ESF incorporated within the Structural Funds in the context of cohesion policy and believes that it must be implemented at territorial level;
- believes that the objective of territorial cooperation should be strengthened, especially in financial terms, and recommends distributing the funds allocated for the various programmes at Community level rather than nationally;
- supports the general principle of linking cohesion policy with the Europe 2020 objectives, but highlights that cohesion policy should not serve solely to support the Europe 2020 strategy, as it has its own objectives established by the Treaty;
- calls for the territorial cohesion objective to be reflected with a territorial priority included in the EU 'menu', in addition to the thematic priorities relating to the Europe 2020 strategy;
- supports the establishment of a common strategic framework, and proposes that the 'development and investment partnership contracts' involve the local and regional authorities in each Member State, in accordance with the principles of multilevel governance;
- is opposed to the provisions on (external) macroeconomic conditionality and to the proposal to establish a performance reserve; accepts the need to establish new forms of results-based financial conditionality, provided that the criteria chosen are general, fair, proportional and based on the principle of equal treatment.

Rapporteur	Mr Michel DELEBARRE (FR/PES), Mayor of Dunkirk
Reference document	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Conclusions of the fifth report on economic, social and territorial cohesion: the future of cohesion policy COM(2010) 642 final

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

General comments

1. welcomes the publication of the Fifth Report on Economic, Social and Territorial Cohesion, which provides a **good basis for the discussion** of cohesion policy issues post-2013;

2. acknowledges the significant analytical work carried out by the European Commission in this cohesion report – the first to be published since the Lisbon Treaty came into force – particularly as regards its recognition of territorial cohesion as one of the key objectives of the Union; regrets, however, that the report is based mainly on statistics dating from before the **financial, economic and social crisis** affecting the European Union since 2008; therefore calls for statistics from after the crisis to be used as a basis for the next programming period and calls on the Council and the Member States to make every possible effort at political and administrative levels to achieve this goal. Furthermore, this makes it even more necessary for other, complementary, more up-to-date indicators to be used to assess the actual state of development of the regions, as GDP growth alone cannot reflect the actual impact of the crisis. The Committee of the Regions has already commented on this matter in its opinion on Measuring progress – GDP and beyond, in which it proposes two all-encompassing, indicators, which will soon be available: a comprehensive environmental index and a social survey harmonised at the regional level;

3. applauds the **progress made by cohesion policy** that has made it possible to create growth and jobs, increase human capital, facilitate the construction of key infrastructure and improve environmental protection; stresses that cohesion policy is also acknowledged for the leverage it provides for competitiveness and innovation, particularly through its capacity to mobilise the potential of the private sector;

4. points out that although cohesion policy has made progress in reducing disparities, **significant imbalances remain** between and within European regions namely differences in infrastructure development, incomes, quality of public services and access to them. These are particularly exacerbated by the varying impact of the economic and financial crisis and increasingly important challenges such as globalisation, unemployment (particularly among young

people), demographic ageing, climate change and energy dependence;

5. stresses, therefore, that cohesion policy must have the **resources** to meet its objectives, reinforcing actions at Member State, regional and local levels, so that the economic, social and territorial balance can be redressed between Europe's regions;

6. points out that the **European added value** of cohesion policy depends above all on its approach, which must be:

- **solidarity-based**, supporting balanced development across the EU;
- **strategic**, through the identification of key objectives in line with regional requirements and those of local people;
- **integrated**, based on synergy between sectoral policies in a given region;
- **cross-cutting**, including the various policies affecting the regions;
- **territorial**, based on a territorial diagnosis that highlights the strengths and weaknesses of each region;
- **multi-annual**, with the definition of short, medium and long-term objectives;
- **partnership-based**, involving European, national, regional and local levels and regional socio-economic players in the drafting and implementation of operational programmes;

7. highlights that, owing to this unique approach, cohesion policy – more than any other EU policy – raises the profile of European integration in the regions and with the public by providing an appropriate and coordinated response to their needs;

Towards a new architecture for cohesion policy

A cohesion policy for all regions, in line with their level of development

8. appreciates the fact that the Fifth Cohesion Report confirms that the future cohesion policy could cover **all European regions**, regardless of their level of development; in this regard, stresses that the Structural Funds should focus as a priority on less developed European regions, while providing essential support for the other regions in order to encourage them to boost competitiveness, employment, social inclusion and sustainable development, in order to promote the overall harmonious development of the EU;

9. suggests considering the creation of a **new intermediate category** for regions whose GDP is between 75% and 90% of Community GDP. This system is intended to limit the effect of the threshold of 75% of EU GDP (current eligibility threshold between the convergence and competitiveness objectives), and to guarantee equal treatment of these regions. Account needs to be taken both of the difficulties of those regions that from 2013 will for the first time no longer be eligible under the convergence objective, and also of those regions which, while they have been eligible under the competitiveness objective during the current programming period, continue to face structural social and economic difficulties as regards achieving the Europe 2020 strategy objectives and which suffer from internal regional inequalities. The creation of this category should not penalise regions receiving support under the convergence or competitiveness objectives or phasing-in and phasing out;

10. repeats its call for **additional criteria to GDP**, to be taken into account, particularly in the implementation and evaluation of programmes, in order to better reflect the development of each region and the specific territorial and social cohesion problems they face (sub-regional disparities, variation of income, unemployment rate, access to services of general interest (SGIs), access to and interoperability of transport modes, environmental quality, social wellbeing, education levels, etc.); the mid-term review of the programming period (5+5) must be taken as an opportunity to take account of these new additional indicators to GDP; calls on the European Commission to draw up a list of **territorial social and environmental development indicators** applicable at sub-regional level based on the work carried out by Eurostat, ESPON ⁽¹⁾ and the OECD;

Strengthening an integrated approach

11. supports the **integrated approach** followed in cohesion policy in order to encourage the complementarity of all funds (Cohesion Fund, ERDF, ESF, EAFRD and EFF) and facilitate their implementation through an integrated approach. The

Committee recommends clearly defining the areas of intervention for each fund, and how interventions from other EU funds, such as transport or environment, relate to the former, both at strategic level and at operational level on the ground. Moreover, clear guidelines must be defined at European level and coordination structures must be established at both national and subnational levels;

12. calls for clarification of the **implementing provisions of the European Social Fund**, and considers that the ESF should be incorporated as today within the Structural Funds in the context of cohesion policy; and would like to see closer cooperation between the ESF and the ERDF. In this connection the Committee advocates use of cross-financing and setting-up of multifund operational programmes (ERDF and ESF);

13. believes that if the ESF is to help achieve the objectives of the Europe 2020 strategy and the European employment strategy, it must be **implemented at territorial level** and must fall squarely within the context of cohesion policy, on the basis of the requirements identified at local and regional level ⁽²⁾; welcomes the fact that the conclusions of the Belgian Presidency following the informal meeting of ministers with responsibility for cohesion policy ⁽³⁾ recommend to 'strengthen the regional dimension of ESF, and thus increase its visibility' and hence its integration with regional socio-economic strategies;

14. hopes that the **profile of projects funded via the ESF** can be raised through more regionally-oriented implementation based on specific, practical local needs so as to make them more visible, complementing communication and awareness initiatives financed within the framework of technical assistance at EU, national and regional levels;

15. recommends that the **distribution of the ERDF and ESF** must be based on a percentage defined at national level, in order to ensure that ESF allocations are in line with the challenges of economic and social cohesion within each Member State and region. The Committee suggests that within the margins thus fixed, Member States distribute the Structural Funds (ERDF and ESF) at national level, in cooperation with local and regional authorities;

16. considers that the **flexibility between the ERDF and the ESF** should be encouraged and simplified in the future, most notably via the new Common Strategic Framework and particularly when it comes to local development approaches and the integrated plans of towns and local authorities ⁽⁴⁾; moreover, requests that in future legislative proposals the Commission provide for a similar system between the ERDF and the EAFRD, in order to guarantee a more integrated approach for rural areas;

⁽¹⁾ European Observation Network for Territorial Development and Cohesion (ESPON/ORATE).

⁽²⁾ See opinion on *The future of the European Social Fund after 2013* - CdR 370/2010 (rapporteur: Catiuscia Marini, IT/PES).

⁽³⁾ Informal ministerial meeting held in Liège on 22 and 23 November 2010.

⁽⁴⁾ See Article 8 of Regulation (EC) No 1080/2006 on sustainable urban development.

Heightened territorial cooperation

17. endorses the **reference to territorial cooperation**, which would keep its current threefold structure, but regrets that this is not developed any further; believes, in this context, that this objective should be strengthened through:

- an increase to the budget devoted to it;
- specific rules that are more appropriate for territorial cooperation programmes, by increasing technical assistance at local level, simplifying audit and monitoring rules, setting an applicable, suitable flat-rate amount for indirect costs, defining eligibility rules for Community expenditure, etc.;
- proposals to improve the governance of these programmes;

18. recommends **distributing the funds allocated for territorial cooperation programmes** at Community level rather than nationally. Beneficiaries of the programmes must provide clearer proof of the results and added value generated by territorial cooperation projects in the regions by ensuring the transfer of good practices and know-how. The Committee is in favour of a strategic approach, integrated in line with the cooperation areas, avoiding all national considerations in terms of financial returns;

19. urges the Commission to include provisions in future legislative proposals that would enable the **ESF** to intervene in **territorial cooperation** programmes for the purpose of funding action that is within its area of intervention;

20. calls for **true complementarity between the three objectives of cohesion policy**. EU action at cross-border, transnational and interregional levels should complement that carried out as part of regional programmes implemented in the context of the convergence and regional competitiveness and employment objectives. The identification of territorial cooperation approaches or measures within regional programmes could be encouraged, particularly so as to enable structural programmes to be funded at cross-border or transnational level. In parallel, greater coordination between the three strands of the territorial cooperation objective should be sought;

21. highlights the need to **link territorial cooperation programmes more effectively with territorial strategies** that are based on a shared commitment from regional stakeholders⁽⁵⁾; believes, in this regard, that transnational programmes can support macroregional strategies and the integrated maritime strategies starting to be drawn up. Moreover, cross-border programmes could help to bolster current Euroregional and Eurometropolitan strategies. In the same way it calls

for the 150 km maximum distance applied in classifying islands as border regions to be increased significantly;

22. calls on the European Commission to facilitate new territorial partnerships by simplifying and improving the way in which **interregional cooperation** programmes are managed. Improved interregional cooperation ensures not only a coordinated approach to shared problems, but also recognises that innovative solutions are not delimited by existing territorial boundaries;

23. points out that the **European Groupings of Territorial Cooperation (EGTCs)**⁽⁶⁾ are a **valuable means** of facilitating cooperation, particularly at cross-border level; considers that the EGTC regulation should be simplified and adapted in the forthcoming programming period, to take account of the experience acquired during the current period. This could involve simplifying the rules governing staff and the tax arrangements for EGTCs, and reducing the duration of current procedures; also believes that global grants should be awarded more systematically to EGTCs, so that they may manage the Structural Funds directly;

24. calls on the European Commission to improve the current **cooperation on the external borders**. In particular it is necessary to simplify procedures and establish more synergies between the assistance provided through the ERDF, through the European Neighbouring Partnership Instrument (ENPI) and through the European Development Fund (EDF);

25. stresses the key importance of territorial cooperation for the outermost regions, whose location at the furthest external borders of the EU makes this issue crucial; calls for the **Wider Neighbourhood Action Plan** to be implemented with a view to integrating these regions more fully into their geographical surroundings;

Strategic priorities to meet regional requirements

Towards more flexible links with Europe 2020

26. highlights that, alongside the other activities financed by the European Union, cohesion policy can and should continue to play a critical role both in enabling the smart, sustainable and inclusive growth called for by the Europe 2020 strategy and in **promoting the harmonious development** of the Union by raising the endogenous potential of all regions and reducing disparities between European regions, as set down by Article 174 of the Treaty on the Functioning of the European Union;

⁽⁵⁾ See CoR own-initiative opinion on A Strategy for the North Sea-Channel area - CdR 99/2010 fin (rapporteur: Hermann Kuhn, DE/PES).

⁽⁶⁾ See own-initiative opinion on New perspectives for the revision of the EGTC Regulation - CdR 100/2010 rev.3 (rapporteur: Alberto Nuñez Feijoo, ES/EPP).

27. supports the general principle of linking cohesion policy with the **Europe 2020 objectives** and its flagship initiatives in order to move towards smart, sustainable, inclusive growth; believes, however, that significant efforts have already been made in this regard in the 2007-2013 period, which should be assessed before resources are concentrated further;

28. highlights, in this context, that **cohesion policy should not serve solely to support the Europe 2020 strategy and the National Reform Programmes**, as it has its own objectives established by the Treaty – namely, the reduction of economic, social and territorial disparities between the regions of the EU. Cohesion policy, therefore, must be based on the state of territories, their needs and potential for development;

29. supports the general principle of a Community 'menu' of broad thematic priorities to replace the current system whereby the Structural Funds are channelled towards restrictive expenditure categories; opposes, however, any **excessive restriction of the number of priorities** to be chosen in the context of the new national Development and Investment Partnership Contracts and operational programmes, so that local and regional authorities have sufficient leeway to implement the Europe 2020 objectives at regional level;

30. believes that it is not the Commission's role to make certain of these priorities mandatory: rather, they should be defined at regional level on the basis of a territorial diagnosis that pinpoints the strong and weak points of the area; similarly, **does not believe that the Structural Funds should be concentrated solely on the thematic priorities** that the regions will be required to select from the Community menu. This would run counter to the principle of the integrated approach, whereby a development strategy is based on investment in different sectors;

31. calls on the Commission to ensure that the **list of thematic priorities** to be set out in the future regulation on cohesion policy is not too restrictive, not only so as to take the territorial, economic and social diversity of each region into account, but also to go beyond the objectives of the Europe 2020 strategy in the fields of social and territorial cohesion;

Ensuring that the territorial cohesion objective is fully taken into account

32. endorses the principle of **greater flexibility in organising operational programmes** to enable action at different levels (sub-regional, regional, multi-regional, macroregional), in line with the specific features of each region or functional area (such as river basins, upland areas, archipelagos etc.). Such action should, however, be underpinned by a shared commitment from regional stakeholders and local and regional authorities to be involved in a truly regional project, without undermining the significance of the regional level;

33. calls for the **territorial cohesion objective** to be reflected in the new cohesion policy structure, with a **territorial priority** included in the EU 'menu', in addition to the thematic priorities relating to the Europe 2020 strategy, so that territorial cohesion can assure a balanced spatial planning to promote interdependency between regions and overall coherence of the policies. Moreover, it supports the European Commission's proposal to **take regions with specific territorial features into account** ⁽⁷⁾;

34. stresses that particular attention should continue to be paid to the **outermost regions**, with regard to the special status granted them by Article 349 of the Lisbon Treaty; reiterates the need to lay down financial provisions for these regions in order to mitigate various constraints such as remoteness, insularity, small size, difficult topography and climate, and economic dependence on a few products. This seems essential in order to facilitate the outermost regions' access to the internal market on an equal footing with the other European regions;

35. endorses the **greater consideration given to the urban dimension** within cohesion policy, through greater involvement of towns and cities in all the stages of the design of cohesion policy, from the national reform programmes and the development and investment partnership contracts through to the operational programmes; in this regard, hopes that the urban dimension is given appropriate consideration within operational programmes, and highlights the need to encourage an integrated urban development approach; points out that urban areas often display major economic, social and territorial disparities, for which suitable remedies must be found. This integrated urban development approach must also take into account the work carried out under the Leipzig Charter which aims to test the new common reference framework for sustainable cities in Europe. Towns must also be seen as hubs of growth and development for their regions as a whole;

36. supports the European Commission's proposal to give local and/or regional authorities a stronger role in designing and implementing urban development strategies in the context of operational programmes. In order to involve and increase the accountability of local and regional authorities in this way, **global grants** should be awarded more systematically to the towns, cities and regions concerned. The Committee of the Regions is in favour of retaining the urban dimension in European cohesion policy. Cities can be key drivers for growth and innovation. Moreover, more intensive urban-rural relations can be particularly favourable for the EU's economic,

⁽⁷⁾ See Article 174 TFEU: 'rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions'.

social and territorial cohesion while also contributing to the implementation of the Europe 2020 strategy. If cities are to fulfil this function, measures to ensure social and economic stabilisation and the sustainable development of cities and urban problem areas will continue to be needed in the future. These measures should be planned and implemented in the framework of the regional operational programmes;

37. regrets the **lack of reference to the rural dimension**, despite the fact that rural and peri-urban areas make up 80% of the EU territory, according to current definitions; calls on the European Commission to pay particular attention to the link between various types of municipalities – urban (big and small towns) and rural areas – a key component of any integrated regional development policy; furthermore, hopes that the rural dimension is given the attention it deserves in the future cohesion policy, and that a stronger link and greater synergy is found between ERDF, ESF and EAFRD actions both via the common strategic framework and at operational programme level. Also proposes that the current URBACT programme be developed into a programme entitled RURBACT⁽⁸⁾ which would encourage the exchange of good practices and networking on urban and rural issues and the way the two dimensions should be linked;

38. therefore, calls for a **territorial dimension to be identified** within operational programmes that fund projects in the context of sub-regional territorial initiatives. The new local development approach needs to become the holistic strategic framework for the sub-regional development of all concerned areas irrespective of them being urban, rural or urban-rural, and should be included in the regional programmes;

39. regrets that the Fifth Cohesion Report does not sufficiently highlight the trend towards worsening **disparities within regions**. These disparities are characterised by phenomena such as spatial segregation, which has led to certain forms of ghettoisation, and continual decline of some remote areas. A clear picture of these sub-regional disparities, with appropriate statistics and measures to reduce them would help to ensure that the territorial cohesion objective is taken into account more effectively at local level, provided that management is carried out on a regional scale;

40. agrees that **greater attention should be paid to local development initiatives**, which should be encouraged through more systematic Community co-financing. Where applicable, part of an operational programme should be devoted to local development initiatives (e.g. partnership, etc.). This might

⁽⁸⁾ The RURBACT programme would be based on the development and reinforcement of the URBACT programme, harnessing the experience of the RURACT network in order to effectively take into account the link between the urban and rural dimensions.

involve calls for regional or multi-regional projects⁽⁹⁾ designed to encourage public stakeholders (local elected representatives or representatives of public bodies, etc.) and private stakeholders (businesses, chambers of commerce, social enterprises, cooperatives, associations, etc.) to draw up and implement a local development strategy based on an integrated approach⁽¹⁰⁾. Local development initiatives can make a significant contribution to the institutional development of local authorities and should be provided with financial support, including technical support programmes;

41. believes that the **territorial cohesion objective applies to all EU policies** and should involve bringing sectoral policies and cohesion policy into line with each other, taking better account of the territorial impact of all EU policies when they are drawn up; regrets, in this context, that the European Commission has not yet followed up the Committee's request to issue a White Paper on territorial cohesion⁽¹¹⁾;

42. regrets that the Fifth Cohesion Report **fails to mention Services of General Interest (SGIs)**, even though the intrinsic link between their work and territorial cohesion is explicitly recognised in Article 14 TFEU and Protocol 26 appended to the Lisbon Treaty; reiterates its request that the territorial impact of EU policies on SGIs be subject to ex-ante and ex-post evaluations;

Implementation of cohesion policy

Strategic approach

43. supports **the establishment of a common strategic framework (CSF)** covering the Cohesion Fund, the European Regional Development Fund, the European Social Fund, the European Agricultural Fund for Rural Development and the European Fisheries Fund. However, this strategic framework should be jointly agreed by the Council and the European Parliament, in partnership with the Committee of the Regions. The CSF should clarify the scope and thus the respective roles and linkages between these EU funds in the EU's regions, as well as those with other EU funds with a clear territorial dimension and a close relationship with the Structural Funds, such as the Trans-European Networks funding or the future possible environment and climate funds among others;

⁽⁹⁾ For example, the way that territorial cohesion is taken into account in the integrated approach for the programming of the Structural Funds in Italy (2000-2006), where the integrated territorial projects cover seven NUTS II regions with sub-regional implementation.

⁽¹⁰⁾ For example, the Local Action Group in the context of the LEADER+ programme.

⁽¹¹⁾ See the CoR opinion on the Green Paper on Territorial Cohesion (rapporteur: Jean-Yves Le Drian, FR/PES), CdR 274/2008 fin.

44. believes that the existing macro-regional strategies could act as **'strategic reference frameworks at macro-regional level'**. The regional strategies established in the context of the operational programmes (deriving from the three objectives of cohesion policy) could draw on the priorities of the aforementioned macro-regional strategies;

45. calls on the **Commission to clarify the content and terms of the 'development and investment partnership contracts'** to be negotiated between the Commission and the Member States. Stresses the need to put in practice the principles of partnership and multilevel governance and thus proposes that local and regional authorities have to be involved in drawing up, negotiating and implementing these contracts, insofar as they are directly involved in the operational programmes that such contracts provide for. Local and regional authorities must be part of the decisions to be taken at the level of a national contract on the thematic priorities and financial commitments applicable to the operational programmes in which they participate;

46. proposes that the 'development and investment partnership contracts' and the 'territorial pacts for implementing the Europe 2020 strategy' should introduce for each Member State a **system of multilevel governance** involving the various tiers of authority (EU, national, regional and local) as part of an enhanced partnership with local and regional authorities. Calls for local and regional authorities (in their capacity as co-financers and/or co-managers of public services) to be signatories to these territorial pacts⁽¹²⁾ and fully involved in their framing, negotiation, implementation and follow-up. Just as in the case of the Common Strategic Framework, these territorial pacts should encompass the Cohesion Fund, ERDF, ESF, EAFRD and the EFF and be consistent with the National Reform Programmes, facilitating their implementation on the ground;

47. welcomes the plan for **operational programmes to be the main implementation tool** for cohesion policy, as in the current period; points out, in this regard, that the Commission should ensure that local and regional authorities can participate fully in devising, negotiating and implementing these programmes;

48. endorses the use of **annual implementation reports** monitoring progress towards the targets throughout the programming period, as is currently the case. On the other hand, the Committee does not see the need to introduce a new requirement for ongoing programme evaluation, once a certain amount of the funds has been certified to the Commission;

49. supports the Commission's proposal for **regular political debates** within the relevant forums of the EU insti-

tutions. To this end, the Committee is happy to liaise with the Commission to organise debates with its members in conjunction with plenary sessions or COTER commission meetings;

50. like the Commission, considers it vital that **ministers with responsibility for cohesion policy meet regularly within a formal Council formation**⁽¹³⁾ in order to discuss the state of play in respect of programming and to assess the progress made on the targets set;

Partnership and governance

51. believes that the success of the Europe 2020 strategy hinges on involving the relevant players at EU, national, regional and local levels in its implementation by means of a **system of multilevel governance**; highlights again, to this end, the need to establish territorial pacts that more directly involve local and regional authorities;

52. stresses again the importance of stronger and more **detailed criteria enabling the implementation of the principle of partnership** with local and regional authorities in the drafting, negotiation and implementation of EU and national strategic objectives and operational programmes; welcomes the fact that the Commission's evaluations highlight that the involvement of local and regional authorities as well as socio-economic players on the ground constitutes a key factor in the success of cohesion policy;

Performance, conditionality, incentives and sanctions

53. strongly encourages regional and local authorities to ensure the highest performance of their **administrative and institutional capacity** as well as to develop appropriate financial and human resources to cope with the complexity of EU funded projects, mainly in terms of administrative burden and red tape; stresses the need for appropriate levels of financing to be ensured in order to properly enable regional and local authorities to take part in major projects financed through Structural Funds;

54. **is firmly opposed to the provisions on** (external) **macroeconomic conditionality** i.e. withholding Structural Funds available to regions and cities for errors and shortcomings of their national governments or if their national governments do not respect the stability and growth pact. There is a danger that financial sanctions and incentives linked to the Stability and Growth Pact, aimed at ensuring compliance with macroeconomic conditions, will primarily penalise local and regional authorities that are not responsible for the failure of Member States to fulfil their obligations in this area⁽¹⁴⁾;

⁽¹²⁾ Each Member State should identify the local and regional authorities to be signatories, in line with their State's division of sub-national powers.

⁽¹³⁾ This could be a specific cohesion policy formation, or else sessions of the General Affairs Council devoted to cohesion policy, attended by the ministers with responsibility for cohesion policy.

⁽¹⁴⁾ CoR opinion of 1 December 2010: *Reinforcing economic policy coordination*, rapporteur: Mr Tatsis (EL/EPP) CdR 224/2010 fin and CoR resolution on the priorities for 2011, adopted on 2 December 2010, CdR 361/2010 fin (and in particular point 10 thereof).

55. supports the establishment of **(internal) conditionality** aimed at improving the effectiveness of cohesion policy. Such conditionality should be closely related to the thematic priorities of cohesion policy and not attempt to establish links with wider structural reforms loosely linked to the operation of the policy. It should focus on those structural and institutional conditions needed to ensure the best utilisation of cohesion resources. It should be simple, enforceable, proportional, and verified ex-ante;

56. supports **retaining EU co-financing** that ensures ownership of and accountability for the policy on the ground. As in the current period, EU co-financing levels should be differentiated per target in line with each region's level of development. However, the Committee is opposed to any downward revision of co-financing levels, which should not be used as adjustment variables in the event of budget cuts ensuing from the inter-institutional agreement on the forthcoming financial perspectives. It also queries the Commission's proposal to differentiate co-financing levels to reflect the EU added value, types of action and beneficiaries. The danger here is that this could create complexities that may lead to irregularities and further complicate the task of managing authorities. Finally, the Committee points out that co-financing rates per priority should be established for each operational programme, so that they are appropriate to the priority targets set;

57. **opposes the proposal to establish a performance reserve** based on the Europe 2020 targets, for which it would be difficult to define objective allocation criteria. The danger would be that this would benefit the best-performing regions without taking account of the efforts made by other regions that may not enjoy favourable territorial, economic or social conditions. Nor would it take into account the nature of some particularly complex integrated solutions that require lengthy preparation. Performance reserves could also result in Member States setting less ambitious goals. Furthermore, establishing a performance reserve, whether at EU or national level, would not guarantee more effective investment. However, it could support the creation of a flexibility reserve (which would not be performance-based) established on the basis of appropriations automatically de-committed during the programming period, and aimed at:

— funding pilot initiatives on smart, sustainable or inclusive growth;

— or triggering the Structural Funds in an economic, social or environmental crisis in conjunction with the Globalisation Adjustment Fund and the European Union Solidarity Fund;

58. **accepts the need to establish new forms of results-based (internal) financial conditionality**, but in order to ensure consistent implementation of the system of structured conditions feels it is essential to define criteria which can be used to establish whether a particular condition has been met. Such criteria must be general, fair, proportional and based on the principle of equal treatment. Quantified targets should serve for strategic programming management, without generating disproportionate additional costs. Defined using a limited number of implementation and results indicators, they enable progress to be measured in relation to the baseline and in achieving the priority targets. Thus there should be no question of sanctions if the expected results are not fully achieved. As stated by the cohesion policy ministers, meeting in Liège on 22 and 23 November 2010, substantial conditionality is already in place and has proven its effectiveness. This includes the automatic de-commitment rule, the rules on closure, on approval of the control and audit systems, the additionality and co-financing principles, etc. This internal conditionality could thus be pursued and enhanced;

59. points out that given the payments made by local and regional authorities under the co-financing policy, the Committee of the Regions should rightfully participate in the constructive dialogue called for by the Commission with a view to further exploring the various conditionality provisions proposed in the Fifth Cohesion Report, in the context of a '**conditionality task force**' alongside the Member States and the European Parliament;

Evaluation and expected results

60. supports the Commission's proposal to move towards a **more results-oriented approach** by using clear and measurable targets and outcome indicators agreed in advance in line with the specific objectives of each region, but warns the Commission against assessing performance solely in terms of progress towards Europe 2020 targets. It should be pointed out that progress has been made here in the 2007-2013 programming period with the inclusion of ex-ante, ongoing and ex-post evaluations; this should be reviewed before going further down this road;

61. endorses the use of a **limited number of common indicators**, linked to the economic, social and territorial cohesion targets as well as the objectives of the Europe 2020 strategy, to enable the Commission to conduct a comprehensive and continuous evaluation throughout the programming period. However, most of the indicators should be established at regional level taking into account the specific nature of each region and the priorities set. They must also reflect how necessary any proposed approach is for the region's development;

Financial engineering instruments

62. **supports the use of financial engineering instruments** to increase the leverage effect of the EU funds, but disagrees with the Commission's use of thematic restrictions on entitlement to grants, and feels it is essential to let Member States decide at which level (national, regional) financial instruments can be implemented most effectively. However, the implementation of these instruments should be simplified and clarified, in order to:

- facilitate the participation of the EIB and other banking institutions at national, regional or local levels;
- encourage local and regional authorities to make greater use of these instruments and to ensure their implementation; and
- match the needs of all regions, large and small, as the current instruments are configured for large-scale actions only;

63. questions the Commission's proposal to channel **financial support to firms** mainly via financial engineering instruments, while using grants to co-finance targeted support schemes in respect of innovation, environmental investments, etc. Financial engineering should not be the sole means of providing support to firms under cohesion policy and does not remove the need for grants, as not all activities can be funded by loans. Nor are all bodies in a position to run loan-funded projects. The crisis has shown that in a recession period market-based instruments are not viable. It is up to local and regional authorities to determine the most appropriate form of aid, with regard to the economic and enterprise environment in the relevant region, and taking account of competition policy and regional aid;

Simplification

64. **opposes any radical change to the current system of managing** the Structural Funds as proposed by the Commission under the revision of the Financial Regulation. The Committee therefore calls on the Commission to maintain the current system, which is beginning to bear fruit as regards reducing the rate of errors and irregularities; it is to this system that the necessary improvements and simplifications should be made;

65. stresses that the effectiveness and efficiency of cohesion policy hinge on striking a **balance between the simplicity and efficiency of procedures and financial management** in order to make cohesion policy more user-friendly and transparent. Recognising the full powers of the regions in the management and control of the regional operational programmes would form part of this balance. Furthermore, the Committee of the Regions should put forward solutions aimed at further

simplifying the rules on both the implementation of the funds for the managing authorities, and on obtaining funding for the beneficiaries. It also calls on the Commission to explore further the issue of simplification, with a view, inter alia, to reducing the time period for reimbursement for the beneficiaries;

66. encourages the Commission to use a simplified **lump-sum cost system** for reimbursing beneficiaries both for the ERDF and the ESF; calls on the Member States to support local and regional authorities to enable a swift implementation of these provisions, which will help to more sharply focus programming on the desired results;

67. would welcome a **review of procedures** relating to **territorial cooperation** programmes with a view to establishing common rules across programmes so that nationally accepted audit procedures can apply to partners and thus removing the need for lead partners to verify audits from other Member States;

68. would caution the Commission as regards its proposal to introduce **management declarations** issued by managing authorities and the Court of Auditors. The effect of this proposal should not be to increase the workload of local and regional authorities as regards control and audit rules, while diminishing the Commission's responsibility here in respect of its interpretation and support role;

69. underlines that **financial control** and **audit** practice must be clearly based on regulatory compliance and should be proportionate, and strongly opposes the process of 'creeping regulation' whereby Managing Authorities are 'encouraged' to undertake certain evaluation plans where there is no requirement to do so and whereby the standard checklists used by auditors, provided by the Coordination Committee of the Funds, contain items that are not in the EU Regulations nor a requirement of national regulation;

70. welcomes the Commission's proposal that the **automatic de-commitment rule** should not apply in the first year of programming, and calls for the first year to be accounted for only at the closing of the operational programme, which would help overcome the delays incurred at the beginning. However, the Commission and the Member States should ensure that operational programmes are adopted as early as possible in order to reduce the risk of delays at the beginning of the period;

71. regrets that the Commission has not made any proposal to simplify **revenue-generating projects**; the complexity of the method of calculation for such projects seems counterproductive and discourages potential project promoters. The Committee also encourages the Commission to simplify and speed up the approval system for major projects;

72. supports the alignment of the **rules on eligibility of expenditure** across policy areas, financial instruments and funds, via detailed provisions contained in the common strategic framework and implementing legal provisions directly emanating from it, in order to simplify the implementation procedures and minimise the risk of irregularities. It must be ensured that local and regional authorities play a full role in establishing these eligibility rules with the Member States in order to ensure that EU rules are interpreted and applied in a consistent manner at national and regional levels.

Brussels, 1 April 2011.

*The President
of the Committee of the Regions*
Mercedes BRESSO

Opinion of the Committee of the Regions on 'The future of the European Social Fund after 2013'

(2011/C 166/08)

THE COMMITTEE OF THE REGIONS

- strongly recommends that the ESF should retain its characteristic of being a structural fund and hopes that the territorial dimension will be strengthened when drawing up and implementing intersectoral operational programmes, including those relating to cooperation;
- notes with interest that the Fifth Cohesion Report makes reference to the innovative potential of local initiatives, and would very much support the ESF being an integral part of the Local Development model suggested in that report;
- considers that the core objectives of the ESF must continue to be to improve employment opportunities and the efficient functioning of the labour markets, develop and increase human capital, help workers to keep their jobs, and support innovation, entrepreneurship and reform in education and training;
- strongly emphasises that the ESF must continue to pay close attention to cross-cutting priorities such as the social inclusion of disadvantaged individuals and groups and countering gender and age discrimination. In particular, it should support and strengthen the aim of gender equality in terms of equal opportunities and equal treatment in the employment and remuneration of women (the gender pay gap);
- considers that income protection and support instruments could come within the scope of the ESF if they are linked to active labour market policy measures. The Committee believes that the provision of social shock absorbers should remain a matter for the Member States, as allowing such actions under the ESF would risk causing it to deviate from its aims and limiting its effectiveness by focusing it on emergency measures rather than long-term ones;
- highlights the drastic conditions of Roma communities, who suffer not only from social and economic exclusion, but also spatial segregation and below-average living conditions, which should be addressed with European instruments implemented at regional and local level.

Rapporteur Catuscia MARINI (IT/PES), president of the Umbria Region

I. GENERAL COMMENTS

THE COMMITTEE OF THE REGIONS

Identity, purpose and justification for cohesion policy post-2013

1. supports the idea, put forward by the Commission in the Fifth Cohesion Report ⁽¹⁾, of a cohesion policy aimed at all European regions, its purpose being to promote the harmonious development of the Union and help lagging regions to catch up by dedicating the majority of resources to those regions, but also to maintain the competitiveness of more advanced regions, countering beggar-your-neighbour approaches based on pursuing the interests of one's own country/territory to the possible detriment of others;

2. therefore considers a territorially defined strategy that acts as a necessary addition to the single market, not least to mitigate the latter's potential to aggravate territorial imbalances, and pursues both economic development and social inclusion objectives, to be essential. Also considers it necessary to ensure coherence among and integrated management of the objectives of cohesion policy rather than promote them separately, whilst maintaining a clear and explicit distinction between the various actions;

3. hopes that cohesion policy will increasingly seek its legitimacy and visibility in the eyes of the European public through a focus on results and their measurability, putting fully into practice the concept of accountability and avoiding one-size-fits-all approaches involving prefabricated bureaucratic solutions, but instead leaving room for processes of learning at local level and for implementing provisions appropriate to the specifics of the area, not forgetting the promotion of territorial cohesion, a new policy objective enshrined in the Lisbon Treaty ⁽²⁾;

4. considers it essential, if the actions are to be meaningful, to provide a significant level of financial resources so that there is a minimum available even for those regions that are not necessarily lagging behind in terms of statistical averages, but which nonetheless often face issues of internal cohesion due to the existence of pockets of poverty and underdevelopment.

5. calls for the European Globalisation Adjustment Fund to be integrated into the EU budget, in particular with a view to speeding up the mobilisation of resources;

II. POLICY RECOMMENDATIONS

Cohesion policy and objectives of the Europe 2020 strategy

6. considers that cohesion policy and the Europe 2020 strategy should be coordinated and coherent, that there should be clear identification of those areas covered by direct support, and the reciprocities and complementarities between them. The independence of cohesion policy as provided for in the Treaty ⁽³⁾ should be maintained whilst making good use of the ways in which it can contribute to the success of Europe 2020;

7. strongly emphasises how important the role of local and regional authorities is to the pursuit of these goals. These are the ideal level for shaping and implementing EU policies in a way that is consistent with a long-term strategy aimed at addressing the underuse of resources and social exclusion in specific locations through appropriate additional actions and multi-level governance;

8. rejects any suggestion of re-nationalisation of cohesion policies, or of those relating to sectoral concentration. Such suggestions do not seem appropriate to offering coherent and functional support to the Europe 2020 strategy and, moreover, conflict with the territorial dimension and multi-level governance, which embodies the positive values of better governance so far promoted by cohesion, which find their basis in the Treaty. Improving economic governance whilst strengthening European cohesion would constitute a significant contribution to overcoming the economic crisis ⁽⁴⁾;

The role of the European Social Fund in cohesion policy

9. considers it vital that the ESF should pursue its aims, as stated above, within the context of European cohesion policy as a whole, i.e. through programmes that are as organic and integrated as possible, and pay appropriate attention to the territorial dimension. In particular, actions to upgrade human capital so as to maximise results must be included in and connected with a broader development policy;

10. points out that the economic crisis has ultimately highlighted the role of the ESF as an irreplaceable instrument for helping workers and businesses to adjust to changed economic and market conditions, as well as to help protect the income

⁽¹⁾ On this subject, see the CoR opinion on the *Fifth Cohesion Report*, rapporteur: Mr Delebarre, CdR 369/2010.

⁽²⁾ See the CoR opinion on the *Green Paper on Territorial Cohesion*, rapporteur: Mr Le Drian, CDR 274/2008.

⁽³⁾ Articles 174 to 178 of the Treaty on the Functioning of the European Union (TFEU).

⁽⁴⁾ See the Committee of the Regions' *White Paper on Multi-Level Governance*, June 2009, CONST-IV-020.

of individuals hit by the recession, thus highlighting the importance of continuing to pursue these goals. Also welcomes and recalls the concept set out by the European Parliament ⁽⁵⁾ and reiterated by the CoR in its opinion on *The future of cohesion policy* ⁽⁶⁾, of a European cohesion strategy focused on employment and social inclusion, and of the crucial role played by the ESF in promoting employability and combating poverty. This role has become even more important and necessary as a result of the current economic crisis. The multiannual character of the ESF as an instrument has proved invaluable in providing much needed stability for local communities and project promoters alike, particularly in credit crunch times for local authorities;

The added value of the ESF as compared to other national financial instruments

11. strongly recommends that the ESF should retain its characteristic of being a structural fund, and emphasises that, in the European context, this represents a constant of EU actions where the various countries, despite having different legal and financial circumstances, can do things that normally are not, or insufficiently, dealt with by national arrangements. Hopes that the territorial dimension will be strengthened when drawing up and implementing intersectoral operational programmes, including those relating to cooperation;

12. would like to emphasise the following strong and specific additional contributions:

- greater flexibility in the use of resources under the ESF as compared to those from national funding, which are usually linked to specific purposes. This characteristic is one of the strong points of the ESF and **should be maintained in the new programming period**;
- the possibility of reforming systems linking education, training and work;
- the possibility of facilitating, for all categories of workers, including people with disabilities, continuous adaptation of skills, high level skills in particular, so that they can play an active role in the economy, thus making a significant contribution to social inclusion and to European regions' competitiveness;
- support from the ESF, which is even more significant in these times of constraint and cuts in national public expenditure,

for the education and research sector, which is important to ensure significant innovation activity that will call on the skills and initiative of the workforce;

- the additional contribution, which is significant from a qualitative point of view, provided by the continuous comparison between the various national experiences of using the European Social Fund within the context of the Europe 2020 strategy, which makes it possible to carry out a comparative assessment of national and/or regional and local systems and indeed of different experiences;

13. also emphasises the importance of being able to work in a multiannual programming framework with the attendant certainty about resources and programming referrals;

Priority aims of the ESF in the context of the Europe 2020 strategy

14. stresses that the ESF contributes to all three of the priority sectors set out in the Europe 2020 strategy ⁽⁷⁾ – in particular **smart growth** and **inclusive growth**. Regarding the five specified objectives, the Fund directly pursues an increase **in the employment rate to 75 %**, a **reduction in early school leaving** and a **general reduction in the level of poverty by boosting policies for social inclusion** ⁽⁸⁾. In particular, the ESF will contribute to fulfilling the following Europe 2020 Integrated Guidelines laid down by the European Council ⁽⁹⁾:

Guideline 7: Increasing labour market participation and reducing structural unemployment;

Guideline 8: Developing a skilled workforce responding to labour market needs, promoting job quality and lifelong learning;

Guideline 9: Improving the performance of education and training systems at all levels and increasing participation in tertiary education;

Guideline 10: Promoting social inclusion and combating poverty;

⁽⁷⁾ Commission Communication *Europe 2020, A strategy for smart, sustainable and inclusive growth* - COM(2010) 2020 final.

⁽⁸⁾ It may also help to increase the proportion of people aged 30-34 with higher education (by improving the quality of lifelong learning at all levels and promoting participation in tertiary education).

⁽⁹⁾ Recommendation for a Council Recommendation on broad guidelines for the economic policies of the Member States and of the Union -Part I of the Europe 2020 Integrated Guidelines, SEC(2010) 488 final.

⁽⁵⁾ European Parliament, resolution of 7 October 2010 on the future of the European Social Fund.

⁽⁶⁾ *The future of cohesion policy*, rapporteur: Mr Schneider, CdR 210/2009 fin.

15. is particularly concerned about the increase in social exclusion, in particular that of migrants, the reduction in the economic value of work and the attendant rise in the so-called 'working poor', underlining the increased risk of unemployment and, consequently, poverty for workers over fifty, the bleaker job prospects for people with disabilities, increasing disparities in income distribution, and the resulting increase in relative and absolute poverty. The Committee considers that any worsening of economic deprivation limits access to cultural and social opportunities as well as material ones, which are important resources for the development and realisation of an individual's full potential, and calls for significant use of the ESF, not least in accordance with the Europe 2020 flagship initiatives *An agenda for New Skills and Jobs* and *The European Platform against Poverty*;

16. highlights the drastic conditions of Roma communities, who suffer not only from social and economic exclusion, but also spatial segregation and below-average living conditions, which should be addressed with European instruments implemented at regional and local level;

17. stresses that, based on experience from the current programming period 2007-2013, with particular reference to actions targeted at the social inclusion aspect of the ROPs and from best practice that has come out of the implementation of EU initiatives, it could also make a key contribution to the 'inclusive growth' priority of the Europe 2020 strategy⁽¹⁰⁾. The Committee notes with interest that the Fifth Cohesion Report makes reference to the innovative potential of local initiatives, and would very much support the ESF being an integral part of the Local Development model suggested in that report. There is value in exploring the potential of widening the use of purely 'bottom-up' approaches – modelled on LEADER for the rural development programmes for instance – in which the ESF could play a crucial part;

18. considers that the core objectives of the ESF must continue to be to improve employment opportunities and the efficient functioning of the labour markets, develop and increase human capital, help workers to keep their jobs, and support innovation, entrepreneurship and reform in education and training;

19. recognises the need to put in place a coordinated system of services for employment, training, income support and conciliation services which, according to European principles

of flexicurity, respond both to the market's need for flexibility and workers' needs for security and employability;

20. strongly emphasises that the ESF must continue to pay close attention to cross-cutting priorities such as the social inclusion of disadvantaged individuals and groups and countering gender and age discrimination. In particular, it should support and strengthen the aim of gender equality in terms of equal opportunities and equal treatment in the employment and remuneration of women (the gender pay gap). In this connection, it welcomes and supports the European Parliament's position calling for high priority to be given to green jobs for women in the context of the ESF. It welcomes the idea of introducing gender budgeting into the ESF as well as into the recovery plans and structural adjustment programmes to ensure that such programmes attract and integrate women equally⁽¹¹⁾;

21. also notes that society does not provide the necessary means for women to return to work after childbirth, and therefore considers that the role of the ESF is crucial to creating opportunities to reintegrate into the labour market those who have left it to bring up children or care for relatives;

22. in accordance with the subsidiarity principle, sees the territorial pacts – which must be negotiated between the Member States, with their regions, and the Commission on the development strategy set out in the National Reform Programmes – as a means of supporting the contribution of cohesion policy towards achieving the objectives of the Europe 2020 strategy. Those pacts, based on the common strategy framework, will, inter alia through contractual agreements, set the priorities for investment, the allocation of the resources of the European Union and of the various levels of government involved (national, regional and local) amongst the priority sectors and programmes, the agreed conditions and the objectives to be achieved. These would deal with the principle of conditionality as a criterion of ex-ante and ex-post assessment of individual actions' eligibility for funding;

23. considers that, in order to promote economic, social and territorial cohesion in a coherent, uniform and integrated manner, it would be useful to extend the scope of these pacts to other policy areas and other EU financing instruments, thus making best use of each territory's programming capacity and understanding of its own priorities;

⁽¹⁰⁾ An example of practical implementation of the Europe 2020 strategy at local level is the Green Paper *Lazio 2020*, which, drawing inspiration from European and national policies, brings the Europe 2020 philosophy to the local level in a strategy to strengthen the labour market that takes account of the region's local specifics, its areas of expertise and the professions present in the region.

⁽¹¹⁾ European Parliament resolution of 7 September 2010 on Developing the job potential of a new sustainable economy (2010/2010(INI)).

24. recalls the European employment strategy and underscores the ESF's key role as an instrument for creating the conditions for that strategy to be implemented;

Thematic and geographical concentration of the Social Fund

25. points out that the ESF is, amongst the structural funds, the only one aimed directly at citizens: young people, the unemployed, workers, elderly people, and individuals vulnerable to social exclusion. It is therefore very important that the measures funded by it can be implemented in every territory in the EU, thus benefiting individuals irrespective of where they live. The intensity of assistance will depend on:

- the extent to which each territory is lagging behind;
- the difficulties in labour markets with falling competitiveness;
- the need to boost innovation in the territories;
- the need to support action relating to human capital even in the territories hardest hit by the negative effects of the economic crisis;

26. rejects the scattergun approach to funding and calls for priority to be given, on the one hand, to the priority themes for development and, on the other, to measures to support disadvantaged individuals, i.e. placing particular emphasis on the areas of adaptability and employability, in connection with the EU's objectives in terms of sustainable development, identifying areas of innovation, potential for retraining, the drivers for change, including green jobs, based on careful, targeted and structured needs analyses and on a renewed ability amongst authorities to forecast;

27. considers that income protection and support instruments could come within the scope of the ESF if they are linked to active labour market policy measures. The Committee believes that the provision of social shock absorbers should remain a matter for the Member States, as allowing such actions under the ESF would risk causing it to deviate from its aims and limiting its effectiveness by focusing it on emergency measures rather than long-term ones. The Committee would also point out that it is necessary to use ESF funds to cofinance Member States' projects which address pressing employment problems by making a lasting contribution to implementing the seventh, eighth and tenth integrated guidelines of the Europe 2020 strategy;

28. emphasises that the subsidiarity principle must be kept under active consideration as regards the arrangements for determining the thematic and geographical focus of the ESF but regrets that in some Member States the ESF is implemented through national programmes only with little or no regional differentiation of measures. Complying with that principles

makes it possible to take account of the real needs of stakeholders and territories, which are indispensable to effective planning of the measures. Therefore recommends, in the light of experience and with the specific aim of making best use at local level of the unfulfilled development potential, that the scope of the future ESF be established in such a way as to leave more room for manoeuvre than there has been in the past so that the aims of the ESF can be better pursued, not least with regard to the Europe 2020 strategy;

29. emphasises, in particular, that the transition to a low-carbon economy, as called for in Europe 2020, can only happen through a package of measures aimed at spreading innovation through the economy and encouraging the dissemination of results of research and innovation to businesses and the grass roots, adding to the channels for technology transfer from universities and research centres to businesses, and including postgraduate training initiatives for researchers so as to boost the competitiveness of local economies;

Complementarities and synergies with other funds, in particular the ERDF

30. reiterates the idea previously expressed in the opinion on the *Contribution of Cohesion Policy to the Europe 2020 Strategy* concerning the need for closer interplay between the funds with a specifically territorial dimension, i.e. the ESF and the ERDF, in order to create new job opportunities and improve employability through education and training. Considers that the Common Strategic Framework announced in the Fifth Cohesion Report to be the best place to ensure unity of purpose, the integration of measures among the various EU funds and consistency with the objectives of Europe 2020;

31. also considers the Territorial Pact, an expression of the partnership principle, as a helpful instrument for strengthening that unity at Member State and indeed regional and local level;

32. stresses that the European Social Fund objective relating to human resources clearly has aspects in common with and complementary to the ERDF, the EAFRD, and the EFF. Considers that optimal synergies could be achieved through integrated programming and closely coordinated management, subject to the autonomy of each of these funds, the identification of their specifics and the definition at European level of the minimum thresholds for the allocation of resources from each fund so as to ensure an acceptable and sensible balance between the resources allocated amongst them. The Commission should encourage Member States to learn from existing best practices in terms of integrating ERDF and ESF delivery at a local level. One example is the joint Programme Management Committee approach for ERDF and ESF, which has gone some way in maximising the impact of ESF and ERDF on the ground and encouraging complementarity between the two funds;

33. in connection with adjustments regarding eligible (and ineligible) spending under the various funds, recommends examining the rules for cross-financing in order to simplify them for recipients and for the authorities responsible for their implementation;

34. also considers that the emphasis placed on results, along with the strengthening of the territorial dimension, on more effective communication activities and on a stronger link with integrated regional programming, are effective instruments for raising the ESF's profile with the European public and enhancing its impact on the various socioeconomic systems. The Committee suggests that complementarity between ESF and ERDF can be encouraged by smart communication methods at the local level, such as ensuring that communication strategies for ERDF and ESF should be administered by a single body, which in some regions has helped partners understand the benefits of the Programme strategies having common goals, notwithstanding the different focus of the activities;

Simplification and results-orientation of the delivery system

35. considers that the system of delivery and monitoring should be less influenced by the requirements of formal procedures (formal compliance) and by objectives relating to the use of resources, and increasingly focus instead on the key issues of checking the results actually achieved and compliance with the timetable for those achievements. To this end, encouragement should be given to counterfactual impact analysis of the activities financed so as to check what really works and what does not;

36. considers that, for the post-2013 ESF, the process of simplification of the implementation of co-financed measures in the context of the operational programmes should continue. This process started during the current programming period with the introduction of eligible expenditure within the meaning of Article 11 (3)(b) of Regulation (EC) 1081/2006 (indirect costs declared on a flat-rate basis, fixed costs calculated by applying standard tables of unit costs, flat-rate sums), as amended by Regulation (EC) 396/2009. The aim is to improve and consolidate the simplification of delivery and monitoring procedures, the idea being to streamline and lighten the bureaucratic and administrative requirements facing beneficiaries of the ESF and the organisations responsible for managing it. In particular, the adoption of monitoring procedures focused on evaluating co-financed measures in terms of quantitative and qualitative results, as a direct consequence of the adoption of the eligible costs mentioned above (fixed costs calculated by applying standard tables of unit costs, flat-rate sums) could be conducive to the more effective implementation of the ESF;

37. also considers that the impact of measures financed by the ESF is less easy to measure compared to other types of intervention and, for that reason, thinks it would be helpful to develop and use success indicators that would enable better monitoring of the effects of actions financed by the

ESF, not just in financial terms, but above all from the point of view of improving the living and working conditions of people, who are the direct beneficiaries of the actions. The indicators used should be clearly defined, easy to measure and quantify and applied uniformly;

38. in this context, refers to the CoR opinion *Measuring progress – GDP and beyond* ⁽¹²⁾, which highlighted the urgent need to complement GDP with criteria covering economic, social and environmental aspects, to create a comprehensive environmental index and to carry out a harmonised social survey at EU, national and regional level ⁽¹³⁾. Reiterates that the choice of such indicators and their makeup should continue to be the result of wide-ranging participation from the grass roots up involving local and regional authorities, the Member States and the Union in a discussion process that will ultimately make it possible to achieve the objectives and give legitimacy to the EU's policy action through greater sense of ownership amongst the public of the efforts being made to emerge from the crisis and to preserve the environment and quality of life;

39. also considers the (quantitative and qualitative) assessment of placement activities, which should be carried out through direct surveys and not by extrapolating administrative data, to be a good practice that should be strengthened;

40. stresses that, in general, the assessment of placements has helped to understand the effectiveness in terms of employment over a six to twelve month period of training policies and, in more specific cases, has made very clear the importance of integrated training and/or research programmes with direct experience in businesses or research centres;

41. recognises greater transparency in the implementation of EU programmes, but also a significant amount of often unnecessary red tape, which causes high administrative costs and delays in the implementation of programmes;

⁽¹²⁾ *Measuring progress – GDP and beyond*, rapporteur: Vicente Álvarez Areces, CdR 163/2010 fin.

⁽¹³⁾ The Umbria region has equipped itself with instruments to measure the region's socio-economic progress (i.e. going beyond GDP) by putting in place a **multidimensional indicator of innovation, development and social cohesion** as an instrument for monitoring the legislative process. In addition, drawing inspiration from the European model of the **European Innovation Scoreboard (EIS)**, drawn up by the European Commission, it has set up the **RUICS (Umbria Region Innovation & Competitiveness Scoreboard)**, by means of which it proposes to assess annually, by using indicators updated from historical data right up to the latest figures available, Umbria's position in the area of innovation and competitiveness vis-à-vis all other Italian regions.

42. thus recommends that monitoring procedures should not be such that they make the programmes less efficient, and that the administrative burden should be compatible with the need for streamlined and effective implementation of the programmes, whilst ensuring sound and proper management by means of clear, simple rules that lend themselves to unequivocal, non-contradictory interpretation in accordance with criteria of proportionality and cost-effectiveness with regard to the pre-determined objectives;

43. considers that the delivery authorities should be given greater responsibility in determining the appropriate procedures in accordance with their respective national and regional arrangements, reducing the level of controls that, objectively, tend to substantially increase the length of technical and administrative procedures and the burden on beneficiaries.

Brussels, 1 April 2011.

*The President
of the Committee of the Regions*
Mercedes BRESSO

Opinion of the Committee of the Regions on the ‘Single Market Act’

(2011/C 166/09)

THE COMMITTEE OF THE REGIONS

- greatly regrets the overall imbalance in the three-pillar structure not only as regards the number of measures proposed, their nature, and the clarity of their content, but also regarding progress in their implementation; calls on the Commission to clarify its second- and third-pillar proposals - inter alia, by putting forward an outline for legislative proposals - so that these proposals contain the same level of detail as the proposals concerning the first pillar;
- recommends that the Commission implement - in the context of the Single Market Act - all the advances of the Lisbon Treaty that could help restore EU citizens' confidence in the single market, particularly Article 3 TEU, which establishes new social objectives for the EU in terms of combating social exclusion and discrimination, promoting social justice and protection, gender equality, solidarity between generations and protection of the rights of the child, the Charter of Fundamental Rights, the application of the ‘horizontal social clause’ as well as universal access to essential services for EU citizens in their local areas (Article 14 TFEU and Protocol 26);
- recommends that the Commission bring greater clarity in particular to the area of restoring the confidence of the European people by grouping into an initial package of measures all of the proposals on access to core services, which is one of the day-to-day concerns of the public, on the basis of the advances of the Lisbon Treaty; **recommends** therefore that the proposals on the implementation of the Charter of Fundamental Rights (No 29), the reform of the systems for the recognition of professional qualifications and the creation of a ‘European Skills Passport’ (Nos 33 and 35), improvements to the Posting of Workers Directive (No 30), simplification of the rules on public procurement and services of general interest (Nos 17 and 25), the social business initiative (No 36), elimination of the tax obstacles facing European citizens (No 42) and access to certain basic banking services (No 40) be incorporated into the first package of measures;
- proposes that territorial pacts be established where, through a flexible regional approach, local and regional authorities would focus their activities and funding on implementing the EU 2020 Strategy and the flagship initiatives. There needs to be particular emphasis on projects which promote societal innovations in the region concerned and which have the maximum possible societal impact. The use of territorial pacts and the content of such pacts are part of the criteria for allocating EU funds to projects.

Rapporteur	Mr Jean-Louis DESTANS (FR/PES), President of the General Council of the Eure
Reference document	Communication from the Commission on the <i>Single Market Act</i> COM(2010) 608 final

I. GENERAL RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

1. **welcomes** the initiative taken by the Commission to hold a broad public debate on a proposal for a *Single Market Act* based on a highly competitive social market economy and underpinned by the need for Europeans to take ownership of this project; **feels** that this document is intended as a roadmap for the Commission between now and 2014 as regards the key internal policies of the EU and that the Commission's performance will be judged on the basis of achievements in this field;

2. **shares** the Commission's worrying assessment, based on the conclusions of the Monti report, that EU citizens are becoming increasingly disenchanted with the internal market; **stresses** the absolute need to remedy this by implementing the single market not as an end in itself but as a tool geared towards the objectives laid down in the Lisbon Treaty;

3. **endorses** the Commission's view that the internal market should enable the EU to reap the benefits of globalisation, remove barriers to the promotion of knowledge and innovation based on the digital economy, foster sustainable growth to create full employment and promote social wellbeing;

4. thus **backs** this move by the Commission which is underpinned by a global approach to the single market that goes beyond the objective of merely filling in the remaining gaps;

5. **calls for** the removal of barriers to the digital single market. Prompt action is needed to enable the creation of a growing, effective and vibrant pan-European market for the creation and distribution of legal digital content and online services. This would make it possible to set up new, globalised businesses, consolidate existing businesses and, therefore, bring about a rapid increase in jobs based on European culture and expertise and enable European companies to secure a growing share of the global digital market in content and services;

6. **supports** the Commission's approach of restoring balance to the single market by anchoring it on three pillars: an economic strand to support the growth of businesses; a social strand to restore the confidence of the EU citizens and an enhanced governance strand;

7. **greatly regrets**, however, the overall imbalance in the three-pillar structure not only as regards the number of measures proposed, their nature, and the clarity of their content, but also regarding progress in their implementation; **calls** on the Commission to clarify its second- and third-pillar proposals – inter alia, by putting forward an outline for legislative proposals – so that these proposals contain the same level of detail as the proposals concerning the first pillar;

8. **stresses** the need for the Single Market Act to be structurally linked with the Europe 2020 strategy. Indeed, the Single Market Act does not have the platform status of the 2020 strategy; rather, the Commission sees the Act as a mere 'tool' of that Strategy on a par with trade policy or the EU's general financial support. It is also regrettable that the priorities for business – 'strong, sustainable and equitable growth' – do not match the growth priorities of the 2020 strategy;

9. **recommends** that the Commission implement – in the context of the Single Market Act – all the advances of the Lisbon Treaty that could help restore EU citizens' confidence in the single market, particularly Article 3 TEU, which establishes new social objectives for the EU in terms of combating social exclusion and discrimination, promoting social justice and protection, gender equality, solidarity between generations and protection of the rights of the child, the Charter of Fundamental Rights, the application of the 'horizontal social clause' as well as universal access to essential services for EU citizens in their local areas (Article 14 TFEU and Protocol 26);

Strong, sustainable and equitable growth for business

10. **is convinced** that the single market can only operate effectively if businesses are competitive and if it produces real social benefits for EU citizens;

11. **regrets** that the part of the communication devoted to business growth seems only to take account of private businesses, whereas relaunching the single market is also of great importance for the social economy. Both the situation of local and regional authorities and the conditions for the development of local enterprises must be taken into account in planned measures;

12. **considers** that services are a crucial sector for the EU's economic recovery, accounting for over 70% of all jobs and all net job creation in the single market;

13. **highlights** the fact that the Services Directive has a role to play in completing the single market, although it is proving difficult to implement in several Member States, and **calls on** the Commission to continue the mutual evaluation process in close cooperation with local and regional authorities, as the major service organisers and suppliers, before drawing up any new legislative measure in this area;

14. **points out** the role of local and regional authorities and chambers in the introduction of 'one-stop-shops' which are a key element of the Services Directive allowing providers to obtain all relevant information and complete the required procedures through a single access point;

15. **asks** the Commission to undertake a wide-ranging review – as a matter of priority – of the consequences of the liberalisation of services in terms of service and job quality, safety at work, staff qualifications, price, territorial cohesion and accessibility, and to propose an action plan on the basis of the findings thereof in terms of the objectives of the EU 2020 strategy;

16. **supports** the Commission's proposal to establish a European Foundation Statute given the particular role played by foundations in the effective implementation of a highly competitive social market economy;

17. **welcomes** the fact that the Commission is committed to taking particular account of the needs of SMEs, which create economic growth and new and varied employment; **urges** the Commission, however, to bolster instruments facilitating setting-up of new businesses, particularly innovative and technology-based businesses, and financing instruments for SMEs and ensure that the guarantee facility under the Competitiveness and Innovation Framework Programme is maintained after the current funding period;

18. **insists** that the objective of easing the burden of red tape should not be solely for the benefit of businesses but should also be extended to local and regional authorities; **calls on** the Commission to take full account of this objective when framing its legislative proposals, particularly regarding SGEI and procedures on procurement and concessions, in line with the principles of administrative freedom of local authorities, proportionality and subsidiarity; for proposals on administrative simplification as regards procurement procedures, refers to the CoR's response to the Commission's Green Paper on the modernisation of EU public procurement policy;

19. **congratulates** the Commission on its initiatives on better regulation and on easing the administrative burden on businesses, including the work of the high-level group chaired by Mr Stoiber, in which the CoR has been involved. Points out,

however, that better regulation does not necessarily mean deregulation and that this work should not be a substitute for the democratic process;

20. **calls for** the evaluation of the Small Business Act to closely involve economic operators, the social partners and local and regional authorities, so that the best practices developed at local and regional level can be highlighted; **recommends** the drawing up with their support of a global roadmap accompanied by a precise timetable and suitable means to ensure the effective implementation of the SBA, despite its non-binding nature, in line with the objectives of the Europe 2020 strategy; **stresses** the importance of introducing a European private company statute to firmly integrate SMEs into the internal market;

21. **calls on** the Commission to press ahead in the area of EU taxation policy, which is a key element of a global approach to the single market and the pursuit of EU integration, also by clarifying the framework applicable to VAT and by proposing the implementation of a Common Consolidated Corporate Tax Base (CCCTB) to make life easier for companies; **welcomes** in this context the Commission's intention to present a proposal on the subject during the second half of 2011;

22. **endorses** the Commission's view that protecting intellectual property is key to the smooth functioning of the internal market in that it fosters innovation and creativity, competitiveness and job creation; **calls on** the Commission to put forward a global strategy on intellectual property, which would guarantee wider dissemination of works and knowledge, while upholding creators' legitimate rights; it would be interesting here to explore, for instance, the Creative Commons system and its attendant licensing arrangements that are being used more and more in the digital and creative world;

23. **backs** the proposal put forward by the Commission in December 2010 opening the way for 'enhanced cooperation' between as many Member States as possible to create a unitary patent for the EU. This unitary patent protection would allow those Member States that so desired to establish a patent, valid in all participating countries, that could be obtained with a single application; **welcomes** the Council decision of 10 March 2011 which authorises the launch of enhanced cooperation in this area;

24. **stresses** the importance of moving towards a green single market for emerging green, low-carbon technologies, services and products, developing CO₂-emissions standards at EU level; **insists** that mandatory standards and clear labelling for energy-efficient products should be phased in EU-wide. When drawing up EU-wide standards the additional costs that this might entail for small and medium-sized enterprises must be taken into consideration;

25. **urges** the Commission when issuing its proposals on transport, particularly in the forthcoming White Paper on transport policy, to go beyond merely removing the remaining obstacles identified between means of transport and between national systems of transport. It should also incorporate an environmental objective, the issue of accessibility and a pan-European network, paying special attention to the situation of peripheral regions, whose connection to core European areas, interoperability and integration of networks into the European network are essential for the creation of a real, effective single market. In particular, there is a need to promote new intelligent transport innovations using digital technology, related pilot schemes and the widespread introduction of results;

26. **emphasises** that trans-European infrastructure is still generally the product of policies and development programmes implemented nationally by the Member States. As such, they remain overly circumscribed by the constraints of national geography;

27. **feels** that it is essential to be able to issue European bonds for projects (project bonds), in order to finance works on a large scale whose economic impact will be felt in the medium or long term. This device is likely to make the EU's interventions more visible and – above all – more efficient. It may have a highly beneficial leverage effect on the momentum of the internal market and help boost territorial cohesion;

28. **emphasises**, however, that project bonds should complement the role of the structural funds, rather than replace them altogether;

29. **urges** the Commission to put forward proposals without delay on how to create interconnected EU-wide energy distribution networks, with a view to securing a reliable energy supply for all EU citizens; The Committee would like these proposals to provide for coverage of the EU's geographically disadvantaged regions, e.g. islands and mountainous regions;

30. **calls for** the idea of Euro-bonds to be explored in more detail; by pooling some public debt, such bonds would enable all euro area countries to borrow money at rates close to the best on the market, limit speculation against national borrowing and improve the quality of budgetary policy coordination;

31. **thinks** that the proposals on e-commerce and e-procurement should incorporate the issues of access to fast and ultra-fast broadband and of financing the infrastructure throughout the whole EU. Particular care should be taken to secure coverage for geographically-disadvantaged regions, whose economic development could be expected to benefit significantly from the development of such networks;

32. **points out** that cooperation between local and regional authorities offers tremendous potential to boost efficiency and thus benefit the public. In line with the principles of the Treaty on the Functioning of the European Union, **calls on** the Commission to consider decisions in this area as domestic, organisational matters not covered by public procurement law;

33. **would stress** that European public procurement law is of key importance, particularly for local and regional authorities; **deplores** the fact that in its interpretative communication on public procurement contracts below the set thresholds, the Commission demonstrates a regrettable lack of sensitivity to local and regional authority needs; **insists** that in future discussions on this topic, solutions are found that guarantee legal certainty in the interests of regions and local authorities and make selection and tendering procedures as transparent and as simple as possible, especially when the tendering authorities wish to limit the number of candidates invited to tender;

34. **considers** it important to shore up the external dimension of the single market, based on the principle of reciprocity, thus making a base camp from which to face globalisation and prepare companies for international competition; thus **supports** any Commission initiative aimed at aligning international standards on EU standards, particularly social and environmental ones, as otherwise the latter could be seen as curbing the competitiveness of the EU economy;

35. **calls for** the EU's market access commitments under the WTO Agreement on Government Procurement (GPA) to be transposed into EU law; this would provide vital clarity and legal certainty to contracting authorities;

36. **points out** that the single market offers real possibilities in terms of jobs, growth and competitiveness especially as regards trade in services; to fully tap this potential, strong structural flanking policies need to be harnessed. **Would urge** that this aspect be rapidly incorporated into the Act for relaunching the single market by drawing on a strengthened cohesion policy, which is itself a support policy for EU competitiveness, as well as being the vital corollary to the single market, the key to upwardly converging living standards and an essential tool for interlinking territorial development strategies with the Europe 2020 Strategy policy priorities;

37. **stresses** the importance of industry to the EU economy; it alone accounts for 85% of R&D expenditure by business and constitutes the main driver of service demand; **asks** the Commission to bolster this aspect in its final proposal for the Single Market Act and duly tie it in with the flagship initiative on *An industrial policy for the globalisation era*;

38. also **believes** that competition policy plays a decisive role in the ability of EU businesses to face the challenges of globalisation, as regards, for example, mergers and concentrations, cooperation between businesses, know-how and technology transfer, and aid for exports and innovation, as well as the bureaucratic and administrative burden on SMEs; **deplores** the absence of any reference to competition policy in the communication, and of any link between the objectives of that policy and the Single Market Act; **stresses** the need to place competition policy at the service of a highly competitive social market economy;

39. **considers** that the benefits of the internal market are not evenly distributed among the different regions in Europe. The outermost regions are one example: due to the serious constraints which affect them, they find it harder to access the benefits of the internal market. The Committee therefore advocates differentiating European policy in relation to the Single Market, based on Article 349 of the Treaty on the Functioning of the European Union (TFEU), particularly in terms of the provision of services of general interest and clarifying the applicable VAT framework;

Europeans at the heart of the single market

40. **regrets** that this strand of the communication does not focus enough on the daily concerns of EU citizens where they live (jobs, housing, education, health, transport, etc.) and **greatly regrets** that the Commission does not take full advantage of the advances of the Lisbon Treaty;

41. **believes** that the European model, and in particular the social dimension of this model, is a source of competitiveness in the long term: being able to call upon skilled, motivated, fit workers along with entrepreneurs, employers and researchers will increasingly provide the key to long-term competitiveness based on innovation and quality;

42. **recognises** the key importance of education and skills in setting up businesses with the capacity to generate growth, jobs and social integration, which are a *sine qua non* for the success of the internal market;

43. **supports** the proposal to draw up a quality framework for traineeships, which can provide the key to labour market entry and mobility for Europe's young people. This framework, drawn up with the social partners' support, should consist of a minimum set of rights and obligations in respect of working conditions and social protection and make provision for remuneration or other forms of compensation for trainees, which would vary in line with incomes in the respective Member States;

44. **considers** that it is vital to encourage communication gateways and the recognition of qualifications between Member States, without, however, trying to develop a unified European model for education. **Believes**, however, that the intention of the Commission to bring the Professional Qualifications Directive (Directive 2005/36/EC) up-to-date should be put into effect only after a thorough evaluation of the existing system; the objective must be to simplify the existing rules and further integrate the professions into the single market;

45. **points out**, in this context, that global competition and the orientation towards knowledge- and services-based economies creates new challenges for skills development and education. Low-skilled and low-paid jobs should not create a new group of 'working poor'. It is therefore necessary to focus social provision in particular on assisting those concerned through education and training, fair pay and working conditions for all, and provisions for increased social mobility;

46. **emphasises** that it is vital to take account of the specific nature of public service missions. The primacy accorded to services of general economic interest, including social services, as public goods is an asset in pursuing a successful and highly competitive social market economy; **stresses** the fact that local and regional authorities play a strategic role in promoting European growth particularly since the sub-national public sector accounts for 17.2% of EU GDP and investment totalling EUR 221 billion, and consequently the development of such services should be supported by the EU;

47. **points out** that the *Protocol on services of general interest* and Article 14 of the treaty on the Functioning of the European Union recognises both the specificity and the diversity of general interest services, including social services of general interest (SSGI), and the primary competence of Member States to provide, carry out and organise them; **underlines**, however, the fact that the wide discretion which regional and local authorities must have under the Lisbon Treaty requires, for its implementation, a legal basis of secondary legislation defining interactions with other EU policies; **regrets** in this connection that the Commission has not yet taken any initiative in this direction on the basis of Article 14 TFEU, thus leaving it to the European Court of Justice to rule on matters which would nevertheless warrant clarification by the legislator in accordance with the principle of democratic responsibility;

48. **notes** that EU law has wide and varied repercussions for national social benefit systems. In the past, EU law in areas of public procurement, competition and State aid also impacted strongly on the shape of local general interest service provision, without ensuring any real legal certainty for the providers or recipients of such services;

49. **points out** that the 3rd forum on social services of general interest (SSGI), organised by the Belgian presidency of the EU, issued 25 concrete proposals on adapting EU law to the specific nature of the organisation and funding of SSGI, inter alia with regard to State aid control and outsourcing procedures; **recommends** that the Commission embrace these proposals, particularly in the context of the revision of the Monti-Kroes package, with a view to simplifying the relevant EU law and taking account of the intrinsically local nature of these services and the complex web of players responsible for promoting them locally to local communities;

50. **regrets** the absence in the Single Market Act of any reference to the European Associations Act, since associations are key social and economic players, particularly in the field of social services of general interest;

51. **stresses** that, according to the case-law of the EU Court of Justice, service concessions are excluded from the scope of the public procurement directives, but rather must comply with the general principles laid down in the Treaty on the Functioning of the EU (ban on discrimination, principle of equal treatment and transparency), and that it must remain open to public contracting authorities to ensure the provision of services by way of a concession if they consider that to be the best method of providing the public service in question, and that the risk (however limited) involved is transferred in full⁽¹⁾; thus **deems** that this case-law offers the necessary basis for legislative consolidation to perpetuate this status quo; **is opposed to** a single procedure for the award of concessions that would hinder local authorities' organisational and administrative freedom by requiring compliance with the EU requirement for adequate prior publicity;

52. **maintains** that the free movement of workers and services should not lead to social dumping. The four freedoms of the single market should be brought into line with the horizontal social clause introduced by the Lisbon Treaty (Article 9 TFEU);

53. **calls on** the Commission to carry out forthwith, in application of Article 9 of the Treaty on the Functioning of the European Union and in keeping with proposal 29 of the Single Market Act, an in-depth prior analysis of the social impact of all proposed legislation concerning the single market; is prepared to support the Commission by contributing its local and regional expertise to these impact assessments, inter alia by means of its Europe 2020 strategy monitoring platform and subsidiarity network;

54. **notes** that the current interpretation and implementation of the Posting of Workers Directive raises problems in terms of respect for fundamental rights and the principle of the free

movement of workers; **welcomes** the fact that the Commission is involved, jointly with the Member States and social partners, as observers, in a high-level group of experts on the implementation of this directive, which will examine the current difficulties; **believes** that the revision of this directive should take account of the conclusions of the high-level group of experts and clarify the level of protection that is deemed adequate and the room for manoeuvre to be left to social partners and Member States in the case of temporary worker mobility;

The keys to good governance of the single market

55. **deeply regrets** the disconnect between the stated aim of good governance and the measures proposed. It is self-evident that coordinated work aimed at strengthening the internal market should take account of relations with the local and regional level and not be mainly focused on relations between national and EU-level administrations;

56. **underlines** that local and regional authorities have a dual role when it comes to the single market: firstly, their powers, remit and policies mean that they play a major role in implementing the single market. They are also involved at the level closest to the people in delivering services to EU citizens. They are thus well placed to identify any confusion thrown up by the single market and to pass on the people's concerns. Local and regional authorities should not therefore be seen as merely a downstream conduit in delivering the single market (implementation), but should also play an upstream conduit role in channelling the people's concerns, to help strike a balance in the internal market and ensure ownership by the people. This goes for both framing the global strategy on relaunching the single market and for the subsequent examination of each of the fifty proposals that the Commission has promised;

57. **feels** that, given the range of actors involved at various tiers of government and the variety of regulatory instruments concerned, the implementation on the ground of the Single Market Act provides an appropriate political space in which to properly implement the principles of multilevel governance;

58. **supports** the Commission's intention to extend the mutual evaluation process used for the Services Directive to other key single market legislation, while specifying that, for this to be effective, the process must be systematically extended to the stakeholders, including local and regional authorities (in those sectors concerning them) to make it a multilateral process; **recommends** that this process be extended as a matter of priority to all Commission initiatives on public procurement, service concessions, services of general interest, the implementation of the Charter of Fundamental Rights and worker mobility;

⁽¹⁾ Judgment in Case C-206/08 of 10 September 2009, points 72-75.

59. **proposes** that regional internal market forums be held focused on the core needs of the European people and on conditions for accessing the services concerned – in respect of employment, training, housing, education, transport, health, etc. – in the areas where they live;

60. **believes** that the EGTC would be particularly suitable for piloting innovative cross-border practices regarding the internal market and meeting the core needs of the European people;

61. **points out** that informal dispute-resolution tools such as the Solvit network are still not sufficiently known about among businesses and the public. A structured communication campaign should thus be embarked on targeting SMEs and the public and aimed at publicising these facilities and the opportunities they provide for resolving disputes out of court; they should also be given additional funding and staff;

62. **calls on** all local and regional authorities to register in the Internal Market Information System, which facilitates the smooth functioning of the internal market by providing a forum for cooperation and exchange between authorities across the Member States; and encourages the Commission to extend the use of this system beyond the Services Directive and the Professional Qualifications Directive;

II. CONCLUSIONS

Towards a pact on tackling the major strategic challenges of our time

63. **believes** that the strategic nature of the current challenges make it necessary to go beyond what the Commission is proposing and, as Mr Monti suggested in his report to President Barroso, enter into a veritable pact between all of the EU institutions, the Member States, the local and regional authorities, the European people and business, as the only way to build together a highly competitive social market economy that is capable of providing long-term responses;

64. **suggests** that this pact could be concluded on the basis of the principles of equilibrium established by the Treaties between exercising the fundamental freedoms of the single market, guaranteeing the European people's fundamental rights, upholding the principles of cohesion and solidarity between the peoples of Europe and the proper performance of the missions assigned by public authorities, including local and regional authorities, regarding services of general interest ensuring universal access to essential services;

65. **believes** that the European people and SMEs must be able to understand this pact and that the Commission should thus set out a limited number of high-profile flagship measures in its package of fifty proposals targeting the public and SMEs, particularly flagging up the real impact of these measures on their daily living and working conditions, in the areas where they live and work;

66. **proposes** that these flagship measures could be specifically monitored in terms of implementation and real impact on people's lives and on SMEs; there should also be a public information campaign to help people understand the pact and its main implementation strands;

67. **recommends** that the Commission bring greater clarity in particular to the area of *restoring the confidence of the European people* by grouping into an initial package of measures all of the proposals on access to core services, which is one of the day-to-day concerns of the public, on the basis of the advances of the Lisbon Treaty; **recommends** therefore that the proposals on the implementation of the Charter of Fundamental Rights (No 29), the reform of the systems for the recognition of professional qualifications and the creation of a 'European Skills Passport' (Nos 33 and 35), improvements to the Posting of Workers Directive (No 30), simplification of the rules on public procurement and services of general interest (Nos 17 and 25), the social business initiative (No 36), elimination of the tax obstacles facing European citizens (No 42) and access to certain basic banking services (No 40) be incorporated into the first package of measures;

68. **proposes** that, alongside the pact applicable to all parties described above, territorial pacts be established where, through a flexible regional approach, local and regional authorities would focus their activities and funding on implementing the EU 2020 Strategy and the flagship initiatives. There needs to be particular emphasis on projects which promote societal innovations in the region concerned and which have the maximum possible societal impact. The use of territorial pacts and the content of such pacts are part of the criteria for allocating EU funds to projects;

69. **considers** that on the basis of Article 349 TFEU, the Commission should carry out an additional, realistic study, taking account of the disadvantages and difficulties faced by the outermost regions when participating in and attempting to take advantage of the benefits offered by Europe's internal market and in order to meet the goals set by the 2020 Strategy.

Brussels, 1 April 2011.

*The President
of the Committee of the Regions*
Mercedes BRESSO

III

(Preparatory acts)

COMMITTEE OF THE REGIONS

89TH PLENARY SESSION HELD ON 31 MARCH AND 1 APRIL 2011

Opinion of the Committee of the Regions on ‘Seasonal workers and intra-corporate transfer’

(2011/C 166/10)

THE COMMITTEE OF THE REGIONS

- stresses that legal certainty, lawfulness and fair, equal treatment of workers from third countries must be ensured in the EU;
- emphasises that migration is closely linked to development and notes that the emigration of skilled workers should not have a negative economic impact ('brain drain') on developing countries. Therefore welcomes the fact that the directives promote circular migration, in a way which could make a positive contribution both to the Member States' labour markets and to development in the countries of origin;
- takes note with interest of the scrutiny procedures by national parliaments regarding both proposals and of the views and arguments expressed therein; considers, based on its own analysis, both proposals to be compatible with the subsidiarity principle; underlines the fact that the added value of EU legislation must lie mainly in its ability to prevent national systems from engaging in a race to the bottom with regard to protection;
- reiterates the significance of the Member States' right under the Treaty to determine the volumes of admissions while stressing that the Member States must involve local and regional authorities in deciding on the number of third-country nationals to be admitted to their territory, and on their employment profiles;
- cautions that both directives should be enacted in such a way as to respect the principle of Community preference;
- is convinced, nevertheless, that seasonal work and intra-corporate transfers have a major contribution to make to the recovery of certain economic and production sectors in Europe.

Rapporteur	Graziano Ernesto MILIA (IT/PES), President of the Province of Cagliari
Reference documents	<p>Proposal for a Directive of the European Parliament and Council on the conditions of entry and residence of third-country nationals in the framework of an intra-corporate transfer</p> <p>COM (2010) 378 final and</p> <p>Proposal for a Directive of the European Parliament and Council on the conditions of entry and residence of third-country nationals for the purposes of seasonal employment</p> <p>COM (2010) 379 final</p>

I. GENERAL COMMENTS

THE COMMITTEE OF THE REGIONS

1. welcomes the two Commission proposals, on conditions for entry and residence of seasonal workers from third countries and on intra-corporate transfers of third-country nationals; nevertheless, underlines that the two proposals must be viewed in the light of the ongoing debate on legal migration in the EU and that it is vital that such a policy should take a consistent approach – also covering the social aspects of the issue - in order to create legal certainty and ensure equal treatment and compliance with fundamental rights;

2. draws the Commission's attention to the need to counter illegal immigration and any form of illegal work or exploitation in the EU of third country nationals. The Committee of the Regions believes it is essential to provide third country nationals working legally in the EU with working and residence conditions which are in line with fundamental rights and the requirements laid down by law and to ensure that they are treated on an equal footing with EU citizens, and to encourage the widest, fullest social integration of these people. In this regard, the Committee of the Regions calls for absolute, unreserved respect for the fundamental rights laid down in the EU Charter of Fundamental Rights, and points out that this now has full legal status alongside the Treaties following the entry into force of the Lisbon Treaty;

3. stresses that legal certainty (in the sense of a clear regulatory framework) and lawfulness (in the sense of respect for the law) and fair, equal treatment of workers from third countries must be ensured in the EU. Regions, intermediary authorities such as provinces, and municipalities (including rural areas) are the first to experience the economic and social impact of migration flows in their areas both regular and irregular. Regional, intermediate and local authorities (RLAs) are responsible for providing individuals with a wide range of services (reception, healthcare, education, vocational training, housing, etc.), and so their role on the ground and in the management of these issues should be underlined by the European Commission;

4. highlights that regional, local and intermediate authorities are key players in the recently-adopted EU 2020 strategy

addressing the challenges posed by the economic and financial crisis, climate change and energy resources, and therefore EU employment policy as well. As the legislative proposals in question show, these issues are closely linked to immigration policy;

5. points out that, although legal immigration falls within the remit of both the EU and the Member States, implementation of legal immigration policy is closely related to other policies such as (as stated in the proposals in question) labour, employment and social affairs, social security, local public services and services of general interest, housing and other policies which have been devolved in many EU Member States to RLAs. Therefore, RLAs play an important role in gathering information and statistical data to be used in the course of evaluation of existing legislation or the design of new measures in migration policies. Thus, the need for a close partnership with RLAs should be stressed;

6. emphasises that migration is closely linked to development and notes that the emigration of skilled workers should not have a negative economic impact ('brain drain') on developing countries. Therefore welcomes that the directives promote circular migration, in a way which could make a positive contribution both to the Member States' labour markets and to development in the countries of origin ⁽¹⁾;

7. acknowledges that circular migration may forge a valuable link between the countries of origin and the host countries, and may serve to promote dialogue, cooperation and mutual understanding and proposes to use the existing tools and institutional structures, such as the Committee of the Regions' initiative - Euro-Mediterranean Regional and Local Assembly (ARLEM) to promote these kinds of links;

8. recalls, however, that circular migration should not be seen as a substitute for permanent migration and effective channels must be established to facilitate migrants' circulation and return as well as to avoid any irregular immigration;

⁽¹⁾ See opinions CdR 296/2007 and CdR 210/2008.

9. takes note with interest of the scrutiny procedures by national parliaments regarding both proposals and of the views and arguments expressed therein; considers, based on its own analysis, both proposals to be compatible with the subsidiarity principle; underlines that the added value of EU legislation must lie mainly in its ability to prevent national systems from engaging in a race to the bottom with regard to the protection of seasonal workers and intra-corporate transferees;

10. considers legislation on the intra-corporate transfer of certain key personnel necessary at the EU level given the discrepancies between the Member States' legislation as regards admission and rights of third-country nationals as intra-corporate transferees, the need to tackle situations with a cross-border nature and to guarantee a better discharge of the Union's international obligations under the WTO; in addition, believes that such EU legislation would increase the attractiveness of the EU labour market to highly qualified migrants and thus contribute to the competitiveness of the EU's economy as a whole;

11. believes that legislation regarding seasonal workers at the EU level is necessary because of the existing discrepancies between the Member States' legislation as regards admission and rights of third-country nationals as seasonal workers, the need to ensure a uniform set of minimum rights and the need to guarantee that instances of abuse as well as illegal immigration are countered;

12. reiterates the significance of the Member States' right under the Treaty to determine the volumes of admissions while stressing that, in compliance with the principle of subsidiarity and multilevel governance, the Member States must involve local and regional authorities in deciding on the number of third-country nationals to be admitted to their territory, and on their employment profiles ⁽²⁾;

13. supports, after the examination of both proposals with regard to the proportionality principle, the choice of legal instrument, directives in both cases, in that it gives Member States the necessary room for discretion on domestic implementing arrangements, and to take the specific situations and needs of each Member State and its authorities responsible for implementing the directives at the national, regional and local levels into consideration;

14. nevertheless believes that some individual elements of the proposals might require closer analysis with reference to the proportionality principle: indeed the directives should not place disproportionate obligations upon individuals seeking to enter the EU as seasonal workers or intracorporate transferees or their employers; neither should they generate unnecessary costs or burdens for the national, regional or local authorities called to implement them; with regard to the latter consideration, the time limit of thirty days which authorities would have to consider applications and decide on admission

may be considered excessively short and may put authorities in a number of Member States under considerable administrative and financial pressure;

15. cautions that both directives should be enacted in such a way as to respect the principle of community preference, in particular as regards citizens of the new Member States for whom transitional arrangements still apply; to achieve this aim, it may be useful to allow Member States and their authorities to perform so-called labour market tests, i.e. to verify whether a post could not be filled from job-seekers in the EU labour market; in this regard, is not convinced by the Commission's argumentation that no labour market test is needed in the case of intra-corporate transfer;

16. regrets the considerable delay with which the two proposals in question, already included in the December 2005 'legal immigration' package, have been issued by the Commission – almost five years after the political commitment was made on these subjects. and also regrets the fact that due to difficulties in discussing the 'single permit', the two processes, which should have run in parallel, have now been separated. Regrets the fact that the proposals have been submitted, moreover, in a period when some sectors such as agriculture, rearing and pastoralism ⁽³⁾, tourism and the construction sector, which form the core of seasonal work, have been particularly badly affected by the economic and financial crisis, as is shown by EU data and statistics, and are only seeing a slow recovery. Thus, the economic situation has changed since 2005, when the political commitment was made on these issues, and economic, statistical and employment data on the impact of seasonal work on the European economy should be updated;

17. is convinced, nevertheless, that - despite the delay in submitting the proposals and the additional time the EU legislative process and subsequent national implementation will take- seasonal work and intra-corporate transfers have a major contribution to make to the recovery of certain economic and production sectors in Europe;

SPECIFIC RECOMMENDATIONS ON THE PROPOSALS

18. welcomes the introduction of single application procedures for seasonal workers and intra-corporate transfers as a useful streamlining tool which will ensure transparency and certainty in the admission procedures; however, agrees with views expressed by some in the European Parliament that it would have been more efficient and straightforward to include seasonal workers and intra-corporate transfer within the scope of the so-called 'single-permit' directive ⁽⁴⁾; therefore, calls on the co-legislators to continue negotiations on this matter;

⁽²⁾ See opinions CdR 296/2007 and CdR 201/2009.

⁽³⁾ The pastoralism and dairy sector suffers in many EU Member States from substantial price volatility and urgently needs mechanisms for market control, price stabilisation and increasing the bargaining power of rearers and pastoralists, who are the weak link in the chain.

⁽⁴⁾ COM(2007) 638 final, Proposal for a Council Directive on a single application procedure for a single permit for third-country nationals to reside and work in the territory of a Member State and on a common set of rights for third-country workers legally residing in a Member State.

19. agrees with the proposals in that Member States shall refuse applications if prospective employers have been sanctioned in conformity with national law for undeclared and/ or illegal work; however insists that this measure should be dissuasive and proportionate rather than automatic; an automatic exclusion of prospective employers without regard to the gravity or nature of the infraction would affect the job-seekers from third countries;

RECOMMENDATIONS ON THE PROPOSAL ON SEASONAL WORK

20. stresses that unfortunately third country seasonal workers are currently subjected to exploitation and working and living conditions which are below the legal standards in certain EU Member States. This is because national legislation on labour law and social security is often not implemented or enforced in practice. The proposal should therefore establish a clearly-defined legal framework which helps combat all forms of illegal seasonal work and ensure decent working conditions for workers from third countries. This new regulatory framework will therefore require oversight mechanisms to avoid abuse or evasion of the rules, such as monitoring of the abovementioned working and residence conditions, along with cooperation between public authorities at EU, national, regional and local level in a form of integrated multi-level governance. In this regard the Committee of the Regions recommends that the activity of recruitment agencies is also regulated in a way as to make sure that it cannot be abused as a cover for exploitation or abuse;

21. recalls the important role and competences of RLAs and the CoR in preventing and combating discrimination and the de-humanisation of seasonal migrant workers in light of the high level of labour insecurity and vulnerability inherent in seasonal work;

22. is pleased that the idea of long-period multiple entry visas as facilitators of circular mobility, endorsed in its previous opinion, has been taken up⁽⁵⁾;

23. points out that it would be useful to better define the proposal's scope, and therefore the sectors it covers, in order to avoid abuse of seasonal work permits in sectors that cannot be considered seasonal according to the specific characteristics of seasonal work in Europe and in the light of the spirit and aims of this proposal. In most OECD countries immigrants are over-represented in temporary jobs. The percentage of immigrants in temporary jobs can be at least 50 % higher than the percentage of EU citizens; hence the need to prevent the rules being abused and seasonal work being used to legalise forms of work of a different, insecure nature;

24. welcomes the fact that the directive would oblige employers to provide evidence that third-country national

seasonal workers benefit from adequate and not excessively priced accommodation. This is a direct recognition of the particularly vulnerable situation of third-country national seasonal workers. Notes that this right would go considerably beyond the rights enjoyed by seasonal workers, who are EU nationals and therefore urges the Member States to consider according similar treatment to EU nationals;

25. points out in this regard that, in the light of research and consultations carried out by the rapporteur, certain types of seasonal work, for instance in agriculture (in particular the zootechnical and plant and flower sectors) or large-scale construction (civil engineering sites and works), can entail periods of work longer than six months; therefore believes that the maximum length is too restrictive and should be extended to nine months;

RECOMMENDATIONS ON THE PROPOSAL ON INTRA-CORPORATE TRANSFER

26. welcomes the Commission's endeavours to develop an all-encompassing framework for immigration policy and with this proposal to make the EU's economy more attractive to highly qualified workers in multinational companies based in third countries, so that they can be transferred by their company to work legally in a European office of that company; in this context, underlines, on the one hand, the need to avoid discrimination and, on the other, to avoid invalidating the principle of Community preference, ensuring that intra-corporate transferees should enjoy the same working conditions as EU employees in comparable situations in the country of residence; therefore recommends removing the reference to the Posted Workers Directive when defining the rights and conditions of intra-corporate transferees;

27. calls for an explanation of why the labour market test has been excluded from the proposal on intra-corporate transfer. In this connection, the Committee of the Regions points out that EU directive 2009/50/ EC 'Blue Card Directive', which deals with highly qualified workers also coming from third countries, does provide for a labour market test;

28. highlights the fact, moreover, that non-EU companies and multinationals with registered offices in an EU Member State should be encouraged to use highly-qualified local professionals as well in order to ensure the professional development of a highly skilled workforce at the local level. The danger is that large non-EU multinationals will only use low-skilled local labour and highly qualified third-country labour. On the basis of the current proposal, there is no guarantee that EU citizens will be given precedence for managerial, specialist or trainee positions;

29. notes that the draft directive does not – as it now stands – provide that the Member States can refuse an application on grounds of public health, public policy or public security. Thus, suggests that such a ground for refusal be included in the directive;

⁽⁵⁾ See opinion CdR 296/2007.

30. welcomes the fact that admitted intra-corporate transferees have the possibility to move between different establishments of the same company or group in different Member States; however cautions that the proposal – as it now stands under article 16 – does not specifically allow the Member States subsequent to the country of first admission to refuse an application for admission and notes that this would in effect amount to a circumvention of their right to determine the volumes of admission of third-country nationals to their territory. Therefore, suggests amending the proposal accordingly;

31. stresses that the requirement for non-EU workers to prove that they have the professional qualifications needed in the EU Member State or to fulfil the conditions laid down under national legislation to exercise a regulated profession

[Article 5(1)(d) and (e) of the proposal] seem disproportionate. It should be pointed out that this would be an excessive burden and that, as yet in the EU, the system for recognition of EU workers' professional qualifications remains an open issue, as noted in the recent Single Market Act; it therefore calls on the European Commission to review this requirement and make it less restrictive;

32. welcomes the fact that the proposed directive on intra-corporate transfer encourages family reunification and acknowledges that the specific regime for intra-corporate transferees' family members could indeed contribute to making the EU labour market more attractive for them;

33. would recommend that the co-legislators consider the following legislative amendments to the proposals:

II. RECOMMENDATIONS FOR AMENDMENTS

Seasonal Workers – Recommendation for Amendment 1

Article 6 para. 3 Seasonal Workers Proposal

Text proposed by the Commission	CoR amendment
<p><i>Article 6</i></p> <p><i>Grounds for refusal</i></p> <p>1. Member States shall reject an application for admission to a Member State for the purposes of this Directive whenever the conditions set out in Article 5 are not met or whenever the documents presented have been fraudulently acquired, or falsified, or tampered with.</p> <p>2. Member States may verify whether the vacancy concerned could not be filled by national or EU, or by third-country nationals lawfully residing in the Member State and already forming part of its labour market by virtue of EU or national law and reject the application.</p> <p>3. Member States may reject an application if the employer has been sanctioned in conformity with national law for undeclared work and/or illegal employment.</p> <p>4. Member States may reject an application on the grounds of volumes of admission of third-country nationals.</p>	<p><i>Article 6</i></p> <p><i>Grounds for refusal</i></p> <p>1. Member States shall reject an application for admission to a Member State for the purposes of this Directive whenever the conditions set out in Article 5 are not met or whenever the documents presented have been fraudulently acquired, or falsified, or tampered with.</p> <p>2. Member States may verify whether the vacancy concerned could not be filled by national or EU, or by third-country nationals lawfully residing in the Member State and already forming part of its labour market by virtue of EU or national law and reject the application.</p> <p>3. Member States may reject an application if the employer has been sanctioned in conformity with national law for <u>repeated or serious infringements in relation</u> to undeclared work and/or illegal employment.</p> <p>4. Member States may reject an application on the grounds of volumes of admission of third-country nationals.</p>

Reason

Sanctions on employers who infringe legislation should be proportionate and dissuasive. But they should not be automatic. Automatic sanctions are of greater detriment to the prospective third-country workers than to the employers.

Seasonal Workers - Recommendation for Amendment 2

Article 11 Seasonal Workers Proposal

Text proposed by the Commission	CoR amendment
<p><i>Article 11</i></p> <p><i>Duration of stay</i></p> <p>1. Seasonal workers shall be allowed to reside for a maximum of six months in any calendar year, after which they shall return to a third country.</p> <p>2. Within the period referred to under paragraph 1, and provided that the criteria of Article 5 are met, seasonal workers shall be allowed to extend their contract or to be employed as seasonal worker with a different employer.</p>	<p><i>Article 11</i></p> <p><i>Duration of stay</i></p> <p>1. Seasonal workers shall be allowed to reside for a maximum of six <u>nine</u> months in any calendar year, after which they shall return to a third country.</p> <p>2. Within the period referred to under paragraph 1, and provided that the criteria of Article 5 are met, seasonal workers shall be allowed to extend their contract or to be employed as seasonal worker with a different employer.</p>

Reason

It has been explained in the body of the opinion that in certain Member States and in defined sectors seasonal workers perform duties in excess of six months. Therefore, it is advocated that the limit should be extended.

Intra-corporate transfer – Recommendation for Amendment 1

Article 5 Intra-corporate Transfer Proposal

Text proposed by the Commission	CoR amendment
<p><i>Article 5</i></p> <p><i>Criteria for admission</i></p> <p>1. Without prejudice to Article 10, a third-country national who applies to be admitted under the terms of this Directive shall:</p> <p>(a) provide evidence that the host entity and the undertaking established in a third country belong to the same undertaking or group of undertakings;</p> <p>(b) provide evidence of employment within the same group of undertakings, for at least 12 months immediately preceding the date of the intra-corporate transfer, if required by national legislation, and that he or she will be able to transfer back to an entity belonging to that group of undertakings and established in a third country at the end of the assignment;</p> <p>(c) present an assignment letter from the employer including:</p> <p>(i) the duration of the transfer and the location of the host entity or entities of the Member State concerned;</p> <p>(ii) evidence that he or she is taking a position as a manager, specialist or graduate trainee in the host entity or entities in the Member State concerned;</p> <p>(iii) the remuneration granted during the transfer;</p>	<p><i>Article 5</i></p> <p><i>Criteria for admission</i></p> <p>1. Without prejudice to Article 10, a third-country national who applies to be admitted under the terms of this Directive shall:</p> <p>(a) provide evidence that the host entity and the undertaking established in a third country belong to the same undertaking or group of undertakings;</p> <p>(b) provide evidence of employment within the same group of undertakings, for at least 12 months immediately preceding the date of the intra-corporate transfer, if required by national legislation, and that he or she will be able to transfer back to an entity belonging to that group of undertakings and established in a third country at the end of the assignment;</p> <p>(c) present an assignment letter from the employer including:</p> <p>(i) the duration of the transfer and the location of the host entity or entities of the Member State concerned;</p> <p>(ii) evidence that he or she is taking a position as a manager, specialist or graduate trainee in the host entity or entities in the Member State concerned;</p> <p>(iii) the remuneration granted during the transfer;</p>

Text proposed by the Commission	CoR amendment
<p>(d) provide evidence that he or she has the professional qualifications needed in the Member State to which he or she has been admitted for the position of manager or specialist or, for graduate trainees, the higher education qualifications required;</p> <p>(e) present documentation certifying that he or she fulfils the conditions laid down under national legislation for citizens of the Union to exercise the regulated profession which the transferee will work in;</p> <p>(f) present a valid travel document, as determined by national law, and an application for a visa or a visa, if required;</p> <p>(g) without prejudice to existing bilateral agreements, present evidence of having or, if provided for by national law, having applied for sickness insurance for all the risks normally covered for nationals of the Member State concerned for periods where no such insurance coverage and corresponding entitlement to benefits are provided in connection with, or as a result of, the work contract;</p> <p>(h) be considered not to pose a threat to public policy, public security or public health.</p> <p>2. Member States shall require that all conditions in the law, regulations or administrative provisions and/or universally applicable collective agreements applicable to posted workers in a similar situation in the relevant occupational branches are met with regard to the remuneration granted during the transfer.</p> <p>In the absence of a system for declaring collective agreements to be of universal application, Member States may, if they so decide, base themselves on collective agreements which are generally applicable to all similar undertakings in the geographical area and in the profession or industry concerned, and/or collective agreements which have been concluded by the most representative employers' and labour organisations at national level and which are applied throughout national territory.</p> <p>3. In addition to the evidence stipulated in paragraphs 1 and 2, any third-country national who applies to be admitted as a graduate trainee shall present a training agreement, including a description of the training programme, its duration and the conditions under which the applicant is supervised during the programme.</p> <p>4. Where the transfer concerns host entities located in several Member States, any third-country national who applies to be admitted under the terms of this Directive shall present evidence of the notification required pursuant to Article 16(1)(b).</p> <p>5. Any modification that affects the conditions for admission set out in this Article shall be notified to the competent authorities of the Member State concerned.</p>	<p>(d) provide evidence that he or she has the professional qualifications needed in the Member State to which he or she has been admitted for the position of manager or specialist or, for graduate trainees, the higher education qualifications required;</p> <p>(e) present documentation certifying that he or she fulfils the conditions laid down under national legislation for citizens of the Union to exercise the regulated profession which the transferee will work in;</p> <p>(f) present a valid travel document, as determined by national law, and an application for a visa or a visa, if required;</p> <p>(g) without prejudice to existing bilateral agreements, present evidence of having or, if provided for by national law, having applied for sickness insurance for all the risks normally covered for nationals of the Member State concerned for periods where no such insurance coverage and corresponding entitlement to benefits are provided in connection with, or as a result of, the work contract;</p> <p>(h) be considered not to pose a threat to public policy, public security or public health.</p> <p>2. Member States shall require that all conditions in the law, regulations or administrative provisions and/or universally applicable collective agreements applicable to posted workers in a similar situation in the relevant occupational branches are met with regard to the remuneration granted during the transfer.</p> <p>In the absence of a system for declaring collective agreements to be of universal application, Member States may, if they so decide, base themselves on collective agreements which are generally applicable to all similar undertakings in the geographical area and in the profession or industry concerned, and/or collective agreements which have been concluded by the most representative employers' and labour organisations at national level and which are applied throughout national territory.</p> <p>3. In addition to the evidence stipulated in paragraphs 1 and 2, any third-country national who applies to be admitted as a graduate trainee shall present a training agreement, including a description of the training programme, its duration and the conditions under which the applicant is supervised during the programme.</p> <p>4. Where the transfer concerns host entities located in several Member States, any third-country national who applies to be admitted under the terms of this Directive shall present evidence of the notification required pursuant to Article 16(1)(b).</p> <p>5. Any modification that affects the conditions for admission set out in this Article shall be notified to the competent authorities of the Member State concerned.</p> <p><u>6. Third-country nationals who are considered to pose a threat to public policy, public security, or public health shall not be admitted for the purposes of this Directive.</u></p>

Reason

The draft directive does not – as it now stands – provide that the Member States can refuse an application on grounds of public health, public policy or public security. Thus the Committee could suggest that such a ground for refusal be provided for in the directive.

Intra-corporate transfer – Recommendation for Amendment 2

Article 6 Intra-corporate Transfer Proposal

Text proposed by the Commission	CoR amendment
<p><i>Article 6</i></p> <p><i>Grounds for refusal</i></p> <p>1. Member States shall reject an application where the conditions set out in Article 5 are not met or where the documents presented have been fraudulently acquired, falsified or tampered with.</p> <p>2. Member States shall reject an application if the employer or the host entity has been sanctioned in conformity with national law for undeclared work and/or illegal employment.</p> <p>3. Member States may reject an application on the grounds of volumes of admission of third-country nationals.</p> <p>4. Where the transfer concerns host entities located in several Member States, the Member State where the application is lodged shall limit the geographical scope of validity of the permit to the Member States where the conditions set out in Article 5 are met.</p>	<p><i>Article 6</i></p> <p><i>Grounds for refusal</i></p> <p>1. Member States shall reject an application where the conditions set out in Article 5 are not met or where the documents presented have been fraudulently acquired, falsified or tampered with.</p> <p>2. Member States shall reject an application if the employer or the host entity has been sanctioned in conformity with national law for <u>repeated or serious infringements in relation to</u> undeclared work and/or illegal employment.</p> <p>3. Member States may reject an application on the grounds of volumes of admission of third-country nationals.</p> <p>4. Where the transfer concerns host entities located in several Member States, the Member State where the application is lodged shall limit the geographical scope of validity of the permit to the Member States where the conditions set out in Article 5 are met.</p>

Reason

The CoR agrees that certain sanctions should be imposed on employers who infringe legislation. They should be proportionate and dissuasive, but they should not be automatic. Automatic sanctions are of greater detriment to prospective third-country workers than to the employers.

Intracorporate Transfer – Recommendation for Amendment 3

Article 14(1)

Text proposed by the Commission	CoR Amendment
<p><i>Article 14</i></p> <p><i>Rights</i></p> <p>Whatever the law applicable to the employment relationship, intra-corporate transferees shall be entitled to:</p> <p>1. the terms and conditions of employment applicable to posted workers in a similar situation, as laid down by law, regulation or administrative provision and/or</p>	<p><i>Article 14</i></p> <p><i>Rights</i></p> <p>Whatever the law applicable to the employment relationship, intra-corporate transferees shall be entitled to:</p> <p>1. the <u>same</u> terms and conditions of employment applicable to <u>EU employees in comparable situations in the country of residence</u> posted workers in a</p>

Text proposed by the Commission	CoR Amendment
<p>universally applicable collective agreements in the Member State to which they have been admitted pursuant to this Directive.</p> <p>In the absence of a system for declaring collective agreements to be of universal application, Member States may, if they so decide, base themselves on collective agreements which are generally applicable to all similar undertakings in the geographical area and in the profession or industry concerned, and/or collective agreements which have been concluded by the most representative employers' and labour organisations at national level and which are applied throughout national territory.</p> <p>2. equal treatment with nationals of the host Member State as regards:</p> <p>(a) freedom of association and affiliation and membership of an organisation representing workers or employers or of any organisation whose members are engaged in a specific occupation, including the benefits conferred by such organisations, without prejudice to the national provisions on public policy and public security;</p> <p>(b) recognition of diplomas, certificates and other professional qualifications in accordance with the relevant national procedures;</p> <p>(c) without prejudice to existing bilateral agreements, provisions in national law regarding the branches of social security defined in Article 3 of Regulation (EC) No 883/04. In the event of mobility between Member States and without prejudice to existing bilateral agreements, Council Regulation (EC) No 859/2003 shall apply accordingly;</p> <p>(d) without prejudice to Regulation (EC) No 859/2003 and to existing bilateral agreements, payment of statutory pensions based on the worker's previous employment when moving to a third country;</p> <p>(e) access to goods and services and the supply of goods and services made available to the public, except public housing and counselling services afforded by employment services.</p> <p>The right to equal treatment laid down in paragraph 2 shall be without prejudice to the right of the Member State to withdraw or to refuse to renew the permit in accordance with Article 7.</p>	<p>similar situation, as laid down by law, regulation or administrative provision and/or universally applicable collective agreements in the Member State to which they have been admitted pursuant to this Directive.</p> <p>In the absence of a system for declaring collective agreements to be of universal application, Member States may, if they so decide, base themselves on collective agreements which are generally applicable to all similar undertakings in the geographical area and in the profession or industry concerned, and/or collective agreements which have been concluded by the most representative employers' and labour organisations at national level and which are applied throughout national territory.</p> <p>2. equal treatment with nationals of the host Member State as regards:</p> <p>(a) freedom of association and affiliation and membership of an organisation representing workers or employers or of any organisation whose members are engaged in a specific occupation, including the benefits conferred by such organisations, without prejudice to the national provisions on public policy and public security;</p> <p>(b) recognition of diplomas, certificates and other professional qualifications in accordance with the relevant national procedures;</p> <p>(c) without prejudice to existing bilateral agreements, provisions in national law regarding the branches of social security defined in Article 3 of Regulation (EC) No 883/04. In the event of mobility between Member States and without prejudice to existing bilateral agreements, Council Regulation (EC) No 859/2003 shall apply accordingly;</p> <p>(d) without prejudice to Regulation (EC) No 859/2003 and to existing bilateral agreements, payment of statutory pensions based on the worker's previous employment when moving to a third country;</p> <p>(e) access to goods and services and the supply of goods and services made available to the public, except public housing and counselling services afforded by employment services.</p> <p>The right to equal treatment laid down in paragraph 2 shall be without prejudice to the right of the Member State to withdraw or to refuse to renew the permit in accordance with Article 7.</p>

Reason

The CoR believes that there is a need to guarantee equal treatment with intra-corporate transferees. This proposed amendment follows the same reasoning. Furthermore, the so-called Blue Card ⁽⁶⁾ and Long-Term Residents Directives ⁽⁷⁾ guarantee equal treatment with highly qualified workers.

⁽⁶⁾ See Article 14(1)(a) of Council Directive 2009/50/EC on the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment, OJ L 155, 18.6.2009, p. 17.

⁽⁷⁾ See Article 11(1)(a) of Council Directive 2003/109/EC concerning the status of third-country nationals who are long-term residents, OJ L 16, 23.1.2004, p. 44.

Intra-corporate transfer - Recommendation for Amendment 4

Article 16 Intra-corporate Transfer Proposal

Text proposed by the Commission	CoR amendment
<p>Article 16</p> <p><i>Mobility between Member States</i></p>	<p>Article 16</p> <p><i>Mobility between Member States</i></p>
<p>1. Third-country nationals who have been granted an intra-corporate transferee permit in a first Member State, who fulfil the criteria for admission as set out in Article 5 and who apply for an intra-corporate transferee permit in another Member State shall be allowed to work in any other entity established in that Member State and belonging to the same group of undertakings and at the sites of clients of that host entity if the conditions set out in Article 13(4) are fulfilled, on the basis of the residence permit issued by the first Member State and the additional document provided for in Article 11(4), provided that:</p> <p>(a) the duration of the transfer in the other Member State(s) does not exceed twelve months;</p> <p>(b) the applicant has submitted to the competent authority of the other Member State, before his or her transfer to that Member State, the documents referred to in Article 5(1) (2) and (3) relating to the transfer to that Member State and has provided evidence of such submission to the first Member State.</p> <p>2. If the duration of the transfer in the other Member State exceeds twelve months-, the other Member State may require a new application for a residence permit as an intra-corporate transferee in that Member State.</p> <p>Where the relevant legislation requires a visa or residence permit for exercising mobility, such visas or permits shall be granted in a timely manner within a period that does not hamper pursuit of the assignment, whilst leaving the competent authorities sufficient time to process the applications.</p> <p>Member States shall not require intra-corporate transferees to leave their territory in order to submit applications for visas or residence permits.</p> <p>3. The maximum duration of the transfer to the European Union shall not exceed three years for managers and specialists and one year for graduate trainees.</p>	<p>1. Third-country nationals who have been granted an intra-corporate transferee permit in a first Member State, who fulfil the criteria for admission as set out in Article 5 and who apply for an intra-corporate transferee permit in another Member State shall be allowed to work in any other entity established in that Member State and belonging to the same group of undertakings and at the sites of clients of that host entity if the conditions set out in Article 13(4) are fulfilled, on the basis of the residence permit issued by the first Member State and the additional document provided for in Article 11(4), provided that:</p> <p>(a) the duration of the transfer in the other Member State(s) does not exceed twelve months;</p> <p>(b) the applicant has submitted to the competent authority of the other Member State, before his or her transfer to that Member State, the documents referred to in Article 5(1) (2) and (3) relating to the transfer to that Member State and has provided evidence of such submission to the first Member State.</p> <p><u>2. The other Member State shall have the right to refuse an application with respect to its territory on the same grounds as the first Member State. Article 6 of the Directive shall apply <i>mutatis mutandis</i>.</u></p> <p>2.3. If the duration of the transfer in the other Member State exceeds twelve months-, the other Member State may require a new application for a residence permit as an intra-corporate transferee in that Member State.</p> <p>Where the relevant legislation requires a visa or residence permit for exercising mobility, such visas or permits shall be granted in a timely manner within a period that does not hamper pursuit of the assignment, whilst leaving the competent authorities sufficient time to process the applications.</p> <p>Member States shall not require intra-corporate transferees to leave their territory in order to submit applications for visas or residence permits.</p> <p>3.4. The maximum duration of the transfer to the European Union shall not exceed three years for managers and specialists and one year for graduate trainees.</p>

Reason

The CoR believes the proposal – as it now stands under article 16 – does not specifically allow the Member States subsequent to the country of first admission to refuse an application for admission and notes that this would in effect amount to a circumvention of their right to determine the volumes of admission of third-country nationals to their territory. Therefore, it suggests amending the proposal accordingly.

Brussels, 31 March 2011.

*The President
of the Committee of the Regions*
Mercedes BRESSO

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