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I

(Resolutions, recommendations and opinions)

OPINIONS

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

502ND PLENARY SESSION OF THE EESC ON 15 AND 16 OCTOBER 2014

Opinion of the European Economic and Social Committee on Consumer vulnerability in business practices in the single market

(own-initiative opinion)

(2015/C 012/01)

Rapporteur: **Bernardo Hernández Bataller**

On 22 January 2014, the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an opinion on

Consumer vulnerability in business practices in the single market

(own-initiative opinion).

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 23 September 2014.

At its 502nd plenary session, held on 15 and 16 October 2014 (meeting of 15 October), the European Economic and Social Committee adopted the following opinion by 92 votes to 37 with five abstentions.

1. Conclusions and recommendations

1.1 The gradual erosion of the purchasing power of the middle classes — the real drivers of consumer society — and of all consumers in general, and the financial difficulties threatening the very survival of small and medium-sized enterprises, given the tight profit margins in the current business climate, have made it necessary to review standard commercial market practices.

1.2 The knock-on effects of the market distortions caused by unfair practices have led to the emergence of consumers trapped by the financial situation they find themselves in unexpectedly, characterised by a loss of freedom of choice and difficulties in asserting their rights in this area. These consumers should also be shielded from the effects of these policies, to prevent them falling victim to exclusion.

1.3 Moreover, the economic crisis has led to a widespread and ongoing trend for the gradual weakening of potential consumers, which suggests that this fall in consumption could continue to grow. To date, the public authorities have not proposed systemic measures to prevent it or to save consumers from such deterioration.

1.4 Correcting these imbalances would also improve the position of producers and small and medium-sized enterprises, insofar as transparency and free competition relieve the pressures they face (falling demand, predatory pricing, etc.) and which contribute to the defective functioning of the internal market.

1.5 Measures should be adopted in the areas of prevention, protection, mitigation and recovery, including, without prejudice to the proposals contained in the present opinion, as a minimum:

A. Measures by the European institutions aimed at:

- 1) ensuring more effective implementation of the single market rules, especially those concerning product safety and market surveillance, the Directive on unfair commercial practices and the Regulation on cooperation between the Commission and consumer authorities;
- 2) supporting, supplementing and supervising Member State policies in the area of consumer protection;
- 3) monitoring the new barriers that have emerged, hampering the functioning of the internal market, such as consumers falling victim to economic violence when concluding contracts and other issues, taking the appropriate steps to dismantle such barriers properly.

B. The Member States should:

- 1) provide consumer associations with adequate financial support, enabling them to carry out their duty to protect the rights of all consumers. The possibility of creating a fund using the amount of the penalties imposed in consumer issues for the development and implementation of policies for consumer protection, and in particular the implementation of measures of general interest of benefit to all consumers, should be examined on the basis of the experience of Member States where such funds already exist, with a view to then setting one up and operating it, in accordance with the legislation of each Member State;
- 2) adopt measures within their social protection systems to prevent the social exclusion of consumers and of all citizens, above the 30 % mentioned in the Multidimensional Poverty Index, especially as regards access to and supply of basic essential services. Each Member State would, in accordance with its requirements, contribute to this end by preparing and implementing a 'citizens' rescue plan' which would help to relaunch household economies and consumer purchasing power.

1.6 Further work should be done on mainstreaming consumer interests into all EU policies. The relevant EU programmes should consequently allocate a specific budget to support the contribution of consumer organisations, by means of activities of general interest, in order to promote the inclusion of consumers who unexpectedly find themselves in a financially weakened situation.

2. Introduction

2.1 The longevity and depth of the current economic and financial crisis, together with the measures adopted by many EU Member State governments, have had spill-over effects on the supply of and demand for goods and services, reflecting the loss of purchasing power that most consumers have had to endure and which is resulting in social fragmentation.

2.2 Wage cuts have obliged people to change their consumer habits, so that they are able to adjust their household budget to their new spending capacity.

2.3 The loss of their sources of income — despite being able in some cases to rely on the care work provided by family networks — and the continuing fall in value of this income, have swelled the ranks of financially weakened consumers at risk of social exclusion, especially where certain products, supplies and services are concerned, in what could be considered to be a transitional weakness.

2.4 Furthermore, the descent of entire segments of consumers into layers with lower purchasing power, together with financial exclusion and unemployment, have resulted in new restrictions on access to conventional goods and services markets, stimulating the emergence of alternative trading fora and channels, which can sometimes distort the market.

2.5 The use for statistical purposes of the Multidimensional Poverty Index (MPI) ⁽¹⁾ is important in evaluating and taking decisions to prevent social exclusion. The MPI looks at a range of basic aspects (such as education, health and standard of living according across ten indicators (quality of life/well-being), considering a person to be poor if they lack access to at least 30 % of the weighted indicators. For this reason, it is important for the Member States to adopt measures to rise above this threshold.

2.6 Similarly, the weak financial position of consumers whose finances have suffered as a result of the crisis denies them some of the means they need to access virtual marketing environments, which in turn makes it harder for them to access the market in goods and services on more favourable terms. The 'digital divide' is thus widening the 'social divide', because consumers are finding it harder to protect themselves against the risks arising from the effects of the economic crisis and the complexity of digital markets.

2.7 Consumers who have become vulnerable due to unexpected economic developments also lack sufficient information on and protection of their financial interests in transactions carried out in market areas to which they are increasingly drawn.

2.8 Lastly, the cuts in public resources made available to consumers under the adjustment policies that governments have put in place in recent years seriously undermine the effectiveness of market surveillance activities in particular. The EU has also allocated less funding to the Multiannual Consumer Programme for 2014-2020 ⁽²⁾, as the EESC has already pointed out ⁽³⁾.

3. Business practices likely to undermine the protection of consumers unexpectedly as a result of the economic crisis

3.1 The varying features and the effects that different unfair business practices have on the market for the consumers most weakened unexpectedly due to the economic crisis damage the ability of such consumers to meet their most basic needs to a satisfactory standard.

3.2 Compliance with the standards that safeguard the health and safety of consumers and users should not be open to negotiation by suppliers; the former need to be kept safe from any risk of that happening, and, by application of the precautionary principle, (as set out in the Communication from the Commission of 2 February 2000), the marketing of any products, goods or services that jeopardise their physical or mental well-being, or undermine their legitimate economic interests must be prevented, without prejudice to the general safety obligation applying to any consumer product intended for consumers or that could be used by consumers, including those used by consumers in the provision of a service.

3.3 Not only can essential food needs not be properly met when consumers are in situations of economic vulnerability but they also risk being seriously affected by a range of foodstuffs whose nutritional value is watered down to reflect the lower price.

3.4 The same holds true when it comes to assessing conditions for the storage and sale of products which, as perishables, bear a date mark for consumption.

3.5 There might even be business practices which, in order to drastically reduce prices, encourage the sale of products that do not meet the requirements to be placed on the market, with the same applying to the provision of services. Consequently, all necessary measures should be adopted in order to prevent, where appropriate, the sale of such products, with the Member States adopting an active and vigilant approach. As pointed out by the EESC ⁽⁴⁾, cooperation between the competent national bodies and the Commission should be stepped up by approving the revision of product safety rules, which should come into force immediately.

⁽¹⁾ A statistical parameter developed by the United Nations and the University of Oxford in 2010 to measure the type and intensity of poverty.

⁽²⁾ OJ L 84, 20.3.2014, p. 42.

⁽³⁾ OJ C 181, 21.6.2012, p. 89.

⁽⁴⁾ OJ C 271, 19.9.2013, p. 86.

3.6 In this regard, we should also consider the deliberate use of terms and descriptions that mislead consumers about a product's characteristics in commercial promotions and discounts. The same also applies to misleading advertising, both in terms of marketing campaigns supposedly having an ethical purpose, encouraging people to make purchases on the basis of an emotional draw by suggesting they would be helping others, and in terms of misleading statements about the environment, the accuracy of which is hard to prove.

3.7 Monitoring should also be carried out on the marketing of generic or 'own brand' products, which do not comply with the marketing requirements and standards in force.

3.8 Also in the food sector, a particularly worrying aspect is the proliferation of alternative marketing channels which escape administrative supervision, such as 'food counterfeiting' ⁽⁵⁾ using counterfeit basic products, the illegal sale of food and the recirculation of discarded food for human consumption, etc. The same applies to the sale of medicines without prescription, which are not 'over the counter' products ⁽⁶⁾, and are manufactured without guarantees, fraudulently imitating original authorised medicines and posing serious health risks.

3.9 Other products have planned obsolescence built in from the design stage, shortening their lifetimes and meaning that new products must be bought to replace them, counter to the criteria of sustainability and efficient consumer spending, as set out in a previous EESC opinion ⁽⁷⁾.

3.10 Generally speaking, the supply of goods through non-conventional marketing, including digital marketing, makes it hard for economically vulnerable consumers to be certain when it comes to differences, and often seeks to create demand among this group, using lures based on price, ease of payment, false discounts (sometimes by means of 'dynamic pricing' ⁽⁸⁾, which should be specifically prohibited), coupons or vouchers that frequently involve a clear inducement to purchase, taking advantage of the unequal position of the parties involved in the commercial transaction. Often, on internet price comparison websites, the identity of the trader managing the site is not made clear, nor is it always clear whether traders are paying to have their products or services listed.

3.11 It should be borne in mind, however, that fully harnessing the potential of the new technologies also provides opportunities for financially weak consumers, by extending the range of products available and promoting business competition, which in turn brings down those distribution costs that are not inherent to the product in question.

3.12 In general, any commercial practice that involves weakening the safeguards to which the consumer is entitled in return for a reduction in the price of the product or service supplied diminishes their rights and economic interests. The effect of all this is to make them more vulnerable, which fosters the development of negative feedback cycles, which can lead economically weak consumers into further difficulties.

3.13 Concerning another aspect that has a particular impact on the health of financially vulnerable consumers, it is worth highlighting the growing impact of energy poverty in regions where climatic features play a key role. It would therefore also be appropriate to address the circumstances surrounding 'winter truces' or any other that could be taken into account by the relevant operators in situations deemed risky as the result of customers having their supply cut off because they are struggling to pay, due, in particular, to unexpected economic circumstances.

3.14 In general, it would also be worth adding the harmful practices some companies employ, often causing irreversible damage to weakened household budgets, especially practices relating to deposit and savings institutions and financial products that fail to provide accurate information and adequate contractual safeguards — such as consumer credit that comes with very high annual interest rates — which have plunged many consumers into a 'crisis within a crisis', in other words, destroying their future expectations, which has resulted in situations of household over-indebtedness and even total insolvency.

⁽⁵⁾ Investigated by Interpol's trafficking in illicit goods unit (Operation Opson).

⁽⁶⁾ *Over the counter* refers to medicines sold freely, not requiring a prescription.

⁽⁷⁾ OJ C 67, 6.3.2014, p. 23.

⁽⁸⁾ A marketing tool using a flexible price-setting system according to supply and demand at a given moment, misleading the consumer into thinking it is a discount.

3.15 The circumstances outlined above can be extended to cover more specific issues, such as the mortgage crisis, 'underinsurance', etc., which cause a cumulative and ongoing weakness that is hard to deal with for consumers who are forced into such a situation. Particular mention should be made of excessive charging of commissions, often linked to a lack of banking transparency, which can even culminate in cheating not only small savers, but also private investors, in connection with equity transactions into which they have been led by the financial bodies themselves or by other bodies that are in the sector but are not authorised to operate.

3.16 With regard to cross-border trade, the uneven transposition of Directive 2005/29/EC on unfair commercial practices⁽⁹⁾ risks diluting its intended purpose and not ensuring greater legal certainty for undertakings. Better transposition would help improve consumer protection. Consequently, the Commission will now have to ensure that it is correctly implemented in all Member States, which would be helped by the swift approval of 'guidelines' making the directive easier to interpret in line with its actual purpose.

3.17 With regard to unfair business practices, it is crucial for the Commission to supervise the aspect concerning whatever necessary measures the Member States may take for failure to comply with the provisions of the directive. As a general rule, the penalty which should be imposed should never be lower in value than the profit made through a practice deemed to be unfair or misleading. Procedures, including court proceedings, must also be adequate and effective in order to ensure compliance with the purpose of the directive.

3.18 In future, in order to ensure greater consistency with EU law, there should be coordinated and simultaneous revision of the unfair commercial practices directive and the directive on misleading and comparative advertising, as previously pointed out by the EESC⁽¹⁰⁾.

3.19 Ultimately the aim is to prevent the transformation of a single market into a dual-format market whose less pleasant face would be visible to those who have the least and need the most. Business practices should be more scrupulous when targeting the financially weakest consumers. Account must be taken of consumers' need to access essential products, services and supplies in sufficient quantity and on an ongoing basis, enabling them to lead a decent life — something which should be protected by the appropriate public authorities.

4. Proposals for institutional action to combat the unexpected financial vulnerability of consumers

4.1 The EESC calls on the competent authorities to adopt effective measures to ensure secure access to essential products and services, and the express protection of the rights of those consumers and users who, due to unexpected economic developments, have been hardest hit by the economic and financial crisis. The aim, as the EESC has already stated, is to prevent their descent into social exclusion, through measures such as the regulation of family over-indebtedness⁽¹¹⁾, which seeks to mitigate the high-intensity financial pressure suffered by particular segments of the population.

4.2 Furthermore, specifically protecting the rights of consumers who have unexpectedly become financially vulnerable, particularly their right to access the market for essential goods and services under decent conditions, should form a key challenge for European public consumer protection policies in terms of implementing the appropriate legislation.

4.3 The various measures can be categorised under four headings: prevention, protection, mitigation and recovery.

4.4 Any action plan must, at the least, set out action falling under these different categories of intervention measures.

⁽⁹⁾ OJ L 149, 11.6.2005, p. 22.

⁽¹⁰⁾ OJ C 271, 19.9.2013, p. 61.

⁽¹¹⁾ OJ C 311, 12.9.2014, p. 38.

4.5 Firstly, a fund should be created with the proceeds from the financial penalties imposed on those who breach consumer rules, and these sums should be used for consumer protection policy purposes, in particular for measures of general interest, by means of the instrument of collective action, of benefit to the entire population, carried out by consumer associations and public authorities and other bodies able to take action to enforce this policy, in keeping with the provisions of each Member State.

4.6 In cases of serious infringements entailing risks or real harm to human health or safety, the power of the competent authorities to impose penalties should be strengthened, including the power to designate, seize and/or confiscate instruments or goods used, and to shut down company activities, while fully adhering to the rule of law.

4.7 Prevention measures would affect the various external factors contributing to the increase in consumers who unexpectedly become financially vulnerable as a result of the economic crisis and to the emergence of situations and practices that may affect those consumers in a differentiated manner.

4.8 To complement the external factors, steps should be taken to strengthen consumer representatives, including the economic and social partners, and encourage them to sign up, among other things, to cooperative, joint purchasing or collaborative economy projects.

4.9 Similarly, a basic preventive measure would be set to set up an observatory to monitor strategic policies adopted in critical sectors such as services of general interest, audiovisual services, fuels, banking, energy oligopolies, housing, etc., which may represent a risk to which weaker consumers are more vulnerable.

4.10 In short, these are actions related to economic, financial and employment scenarios and others arising from the adverse impact that the new technologies may have on market access for goods and services, with a view to protecting consumers' and users' rights. Advertising and marketing activities should therefore be included, as they can result in decisions that do not fit the situation or, in other words, distort decision-making criteria.

4.11 Protection measures would reinforce mechanisms to protect consumers and users in situations where they are in a weaker or subordinate position, especially in terms of technical and legal protection and of compensation and reparation for damages, taking into account the particular situation of consumers who have unexpectedly been financially weakened.

4.12 There is a need for closer cooperation between the national authorities and the Commission and for an in-depth revision of the scope of Regulation 2006/2004 on cooperation in the field of consumer protection, introducing equivalent verification mechanisms, harmonising penalties and boosting the Regulation's effectiveness and operational mechanisms. Moreover, consumers are entitled to have goods and services that are safe, which requires effective market supervision. The EESC therefore hopes that the revision of legislation on product safety is adopted.

4.13 Mitigation measures target consumers whose financial situation has already become vulnerable due to the economic crisis, and aim to help them to deal with these consequences, enabling them to meet their basic needs in the future to ensure a decent quality of life.

4.14 With regard to both this type of measure and to the recovery measures that Member States might adopt, it is important that some of them consider the assistance provided by family and social support networks which, in turn, should have the necessary institutional support to carry out these tasks. The Structural Funds too could help with setting up these support funds, in order to prevent social exclusion, by fulfilling their purpose.

4.15 Recovery measures include those promoting alternative means of escaping the situation of economic weakness in the light of what is currently feasible. In this respect, it is suggested that a 'citizens' rescue plan be prepared and implemented, helping to relaunch the household economy by restoring consumer purchasing power and offsetting the losses and cuts suffered during the economic crisis, as a just counterpart to the bank bailouts from which financial institutions have benefited. This would more accurately reflect the provisions of Point 5 of the UN's 1999 Guidelines for Consumer Protection, which stipulates that 'Policies for promoting sustainable consumption should take into account the goals of eradicating poverty, satisfying the basic human needs of all members of society, and reducing inequality within and between countries.'

4.16 Furthermore, there is also Article 34(3) of the European Charter of Fundamental Rights which, in order to combat social exclusion and poverty, empowers the Union and the Member States to put in place arrangements to ensure a decent existence for all those who lack sufficient resources.

4.17 Finally, it would be beneficial to carry out studies and research on the factors that both underlie and increase the financial weakness of consumers.

4.18 One of the factors that can hamper the workings of the internal market is that of consumers falling victim to economic violence when entering into contracts, as the balance of power is against them. This position may affect the consumer's will and constitute a lack of consent when consumer contracts are concluded. Under such conditions, consumers are forced to accept contracts that they have not freely agreed or accepted, or clauses containing disproportionate charges that they would not have willingly accepted when making their decisions.

4.19 The EESC should give consideration to this flaw affecting consumer consent to contracts, and to the distortion of competition that it causes in the internal market. The other EU institutions should give it proper attention, taking the necessary steps to prevent consumers falling victim to economic violence when they enter into contracts, on account of their weaker position.

Brussels, 15 October 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

APPENDIX

to the opinion of the European Economic and Social Committee

The following amendments, which received at least a quarter of the votes cast, were rejected during the discussions (Rule 54 (3) of the Rules of Procedure):

a) Point 1.3

Amend as follows:

Moreover, the economic crisis has led to a widespread and ongoing trend for the gradual weakening of the economic situation of potential consumers, which suggests that this fall in consumption could continue to grow. To date, no systemic measures have been proposed by the public authorities to prevent it or to save consumers from such deterioration.

Reason

We need to define what is being weakened.

Result of the vote:

For: 49

Against: 86

Abstentions: 3

b) Point 3.5

Add the following:

There might even be abusive business practices which, in order to drastically reduce prices, encourage the sale of products that do not meet the requirements to be placed on the market, with the same applying to the provision of services. Consequently, all necessary measures should be adopted in order to prevent, where appropriate, the illegal sale of such products, with the Member States adopting an active and vigilant approach. As pointed out by the EESC ⁽¹⁾, cooperation between the competent national bodies and the Commission should be stepped up by approving the revision of product safety rules, which should come into force immediately.

Reason

The sale of goods/services which do not meet the requirements to be placed on the market cannot be sold so any sale of such goods/services is illegal.

Result of the vote:

For: 42

Against: 77

Abstentions: 14

The following sections of the section opinion were amended to reflect amendments adopted by the assembly but received more than one quarter of the votes cast (Rule 54(4) of the Rules of Procedure):

⁽¹⁾ Opinion on Market Surveillance — OJ C 271, 19.9.2013, p. 86.

c) Point 4.9

In short, these are actions related to economic, financial and employment scenarios and others arising from the adverse impact that the new technologies may have on market access for goods and services, with a view to protecting consumers' and users' rights. Advertising and marketing activities should therefore be included, as they can result in decisions that do not fit the situation or distort decision-making criteria.

Result of the vote:

For: 60

Against: 58

Abstentions: 9

d) Add a new point 4.15:

Recovery measures include those promoting alternative means of escaping the situation of economic weakness in the light of what is currently feasible. This would more accurately reflect the provisions of Point 5 of the UN's 1999 Guidelines for Consumer Protection, which stipulates that 'Policies for promoting sustainable consumption should take into account the goals of eradicating poverty, satisfying the basic human needs of all members of society, and reducing inequality within and between countries.'

Result of the vote:

For: 66

Against: 63

Abstentions: 11

Opinion of the European Economic and Social Committee on Women in Science**(own-initiative opinion)**

(2015/C 012/02)

Rapporteur: **Ms Vareikytė**

On 22 January 2014, the European Economic and Social Committee, acting under Rule 29(2) of the Rules of Procedure, decided to draw up an own-initiative opinion on

Women in science

Own-initiative opinion.

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 30 September 2014.

At its 502nd plenary session, held on 15 and 16 October 2014 (meeting of 15 October), the European Economic and Social Committee adopted the following opinion by 169 votes to 1 with 4 abstentions.

1. Conclusions and recommendations

1.1 The future of the European Union depends on research and innovation and Europe needs 1 million more researchers by 2020 to stay competitive in the world. Research could also create 3,7 million jobs and increase annual EU GDP by EUR 795 billion by 2025 if the target of investing 3 % of EU GDP in R&D by 2020 is achieved ⁽¹⁾.

1.2 Promoting gender equality and equal opportunities for women and men is a commitment of the EU in all its policy areas, including research and innovation (R&I). Data available at European level show a striking imbalance between women and men in the European research sector ⁽²⁾.

1.3 Gender balance is crucial for a well-functioning research system. To achieve their policy objectives for research, the Member States and the EU as a whole must use all the human capital at their disposal.

To the European Commission:

1.4 The Committee urges the European Commission to propose a recommendation to Member States containing common guidelines on institutional change to promote gender equality in universities and research institutions, as announced in the European Research Area communication of 2012.

1.5 The recommendation should encourage Member States to remove legal and other barriers to the recruitment, retention and career progression of female researchers; address gender imbalances in decision-making processes and strengthen the gender dimension in research programmes.

1.6 The Committee also calls on the Commission to continue developing and implementing awareness programmes aimed at attracting more girls into STEM fields (science, technology, engineering and mathematics) and more women into research.

1.7 Greater cooperation between the relevant Commission directorates (DG Education and Culture and DG Research and Innovation) should be ensured.

⁽¹⁾ P. Zagamé, L. Soete, 'The cost of a non-innovative Europe', 2010.

⁽²⁾ An overview of the current situation is available in part 2 of the document.

1.8 The Committee further recommends collecting and disseminating sex-disaggregated data related to research and innovation within the Eurostat framework.

To the Member States:

1.9 Member States should aim to improve their legal and policy frameworks for gender equality in research, based on the recommendations set out in the ERA communication and the Horizon 2020 programme.

1.10 The Committee urges the Member States to ensure that expenditure on research & development reaches 3 % of GDP, the level set in the Europe 2020 strategy.

1.11 Member States should also make European Structural Funds and other funding schemes available for institutional change initiatives, in accordance with the ERA communication.

1.12 The evaluation, accreditation and funding of research institutions and organisations should be linked to their performance on gender equality.

1.13 Member States, together with public/national research institutions and the social partners, should explore ways of ensuring a work-life balance by developing and implementing family-friendly policies for both female and male researchers.

1.14 Member States should support and strengthen the dialogue between research institutions, businesses and related social partners.

To research stakeholders:

1.15 The EESC urges research institutions and universities to ensure gender balance in their decision-making, selection and other relevant departments.

1.16 Gender equality efforts must be incorporated into the planning processes of research institutions and universities and their respective departments.

1.17 The Committee calls for more dialogue with publishers and editors of scientific publications in order to remove gender bias from and increase female scientists' contributions to scientific publications, editorials, reviews and survey articles.

2. Overview of the current situation ⁽³⁾

2.1 In 2005, the European Council set a goal for women to occupy 25 % of leading public sector research positions. However, gender imbalance in decision-making is persistent: in 2010, only 15,5 % of heads of institutions and 10 % of rectors in the higher education sector were women.

2.2 Horizontal segregation across different economic sectors and fields of science persists. The proportion of women among researchers is higher in the higher education and government sectors than in the business enterprise sector. Across the EU, the proportion of women among professors (grade A) is the highest in the humanities and social sciences (28.4 % and 19.4 % respectively), and lowest in engineering and technology (7.9 %).

2.3 Women's academic careers also remain hallmarked by considerable vertical segregation. In 2010, the proportion of female students (55 %) and graduates (59 %) exceeded that of male students, but men outnumbered women among PhD students and graduates (the proportion of female students stood at 49 % and that of PhD graduates at 46 %). Furthermore, women constituted 44 % of grade C academic staff, 37 % of grade B and only 20 % of grade A. The under-representation of women is even more striking in science and engineering, where they account for only 33 % of academic grade C personnel, 23 % of grade B and just 11 % of grade A ⁽⁴⁾.

⁽³⁾ Source of statistical data in part 2: 'She Figures 2012: Gender in Research and Innovation', European Commission, 2013.

⁽⁴⁾ Grades A, B and C represent the level of position in the institution — respectively, high, medium and low levels.

2.4 Reaching a proper work-life balance remains a key element for achieving gender equality. There is not just a 'glass ceiling' but also a 'maternal wall' hindering the career of female researchers, as women still carry the main burden of care and domestic work.

2.5 Other critical barriers and constraints to the recruitment, retention and advancement of women in the European scientific system include: a lack of democracy and transparency in recruitment and promotion processes, gender bias in evaluating performance, opacity in decision-making bodies and persistent stereotypes of girls/women and science. European research institutions still need substantial modernisation to provide the structural conditions for equal opportunities for women and men.

3. Benefits of gender equality in research and innovation

3.1 Research and innovation (R&I) are key drivers for European economic growth and Europe needs 1 million more researchers to stay competitive in the world. Research and innovation are not only prerequisites for the EU to become a knowledge society, they also could create 3,7 million jobs and increase annual EU GDP by EUR 795 billion by 2025 if the target of investing 3 % of EU GDP in R&D by 2020 is achieved ⁽⁵⁾.

3.2 Gender equality is crucial for a well-functioning research system. To achieve their policy objectives for research, the Member States and the EU as a whole must use all the human capital at their disposal, in terms of talent and resources. Tapping into the full potential of women's skills, knowledge and qualifications will contribute to boosting growth, jobs and European competitiveness, which are key drivers of a prosperous economy.

3.3 For high-quality research to be relevant to society, a number of different solutions should be considered. This is best ensured when research communities are diverse, and when they have the ability to cooperate across and within disciplines. Research and education are integral to policy formulation and public administration, and contribute to a more critical, diverse and open public debate ⁽⁶⁾.

3.4 Recruiting more women to the research sector can boost knowledge resources, enhance the quality of knowledge production and make the sector more robust and competitive. Studies suggest that heterogeneous research groups are more robust and innovative than homogeneous groups ⁽⁷⁾ and that diversity of knowledge and social capital in teams is important for producing new ideas ⁽⁸⁾. Also, gendered innovations in science, medicine, engineering and the environment use sex and gender analysis as a resource to stimulate new ideas, new services and new technologies ⁽⁹⁾.

3.5 A comparison of Member States' gender indexes suggests that the countries with higher scores in the Gender Equality Index (GEI) tend to spend a greater percentage of their GDP on research and development, as well as achieve better results in innovation.

3.6 Integrating a gender analysis into R&I content ensures that research, as well as today's innovations, adequately take into account the needs, behaviours and attitudes of both women and men. Studies show that the integration of sex and gender analysis increases the relevance and quality of research and innovation. It also adds value to society and business by making research responsive to a broad and diverse user base and by creating more inclusive innovation processes, as demonstrated by the Gendered Innovation project ⁽¹⁰⁾.

4. European policy actions

4.1 The Committee urges the European Commission to propose a recommendation to Member States containing common guidelines on institutional change to promote gender equality in universities and research institutions, as announced in the European Research Area communication of 2012. The recommendation should encourage Member States to remove legal and other barriers to the recruitment, retention and career progression of female researchers; address gender imbalances in decision-making processes and strengthen the gender dimension in research programmes. It should also include a comprehensive list of the most efficient examples existing in the countries of the European Research Area (ERA).

⁽⁵⁾ P. Zagamé, L. Soete, 'The cost of a non-innovative Europe', 2010.

⁽⁶⁾ Women in science, Norway, 2010.

⁽⁷⁾ Campbell LG, Mehtani S, Dozier ME, Rinehart J, 'Gender-Heterogeneous Working Groups Produce Higher Quality Science', 2013.

⁽⁸⁾ <http://www.genderinscience.org.uk/index.php/consensus-seminars/recommendations-report>

⁽⁹⁾ Report by the Expert Group on 'Innovation through gender', European Commission, 2013.

⁽¹⁰⁾ Report by the Expert Group on 'Innovation through Gender', European Commission, 2013.

4.2 The Committee also calls on the Commission to continue developing and implementing awareness programmes aimed at attracting more girls into STEM fields (science, technology, engineering and mathematics) and more women into research, as well as special programmes for career guidance and assistance. In this regard, greater cooperation between the relevant Commission directorates (DG Education and Culture and DG Research and Innovation) should be ensured. Such cooperation would enable joint efforts to secure better results in terms of gender equality, research and education as a whole.

4.3 The Commission should ensure a gender balance in the EU's education and research mobility schemes.

4.4 The Committee further recommends collecting and disseminating sex-disaggregated data related to research and innovation within the Eurostat framework, in order to ensure more reliable and comparable indicators, smoother data collection and monitoring processes, which would assist the development of the post-2015 strategy for equality between women and men.

5. National and institutional actions

5.1 The EESC urges Member States to align their national policies on gender equality in research and innovation on the decisions taken at EU level regarding the European Research Area and the Horizon 2020 programme.

5.2 The Committee urges the Member States to ensure that expenditure on research & development reaches 3 % of GDP, the level set in the Europe 2020 strategy. Currently, EU-28 average expenditure on R&D stands at 2,07 % ⁽¹¹⁾, which hinders economic growth and job creation and prevents research institutions from making use of the full talent pool.

5.3 Member States should develop and implement awareness programmes tailored specifically to attract more girls into STEM fields and women into research, starting with the promotion of these subjects in schools.

5.4 The EESC believes that one of the most effective measures for improving gender balance in education and research consists of offering financial incentives to education and research institutions that show confident progress in ensuring a gender balance. Member States should link the evaluation, accreditation and funding of research institutions and organisations to their performance on gender equality.

5.5 In order to provide a strong basis for much-needed structural change in Europe's research institutions and organisations, the Member States and their respective institutions should develop a methodology for monitoring and evaluating the efficiency of action on gender equality.

5.6 Member States, together with their respective research and education institutions and the social partners, should explore ways of ensuring a work-life balance by developing and implementing family-friendly policies for both female and male researchers, such as childcare facilities, teleworking, part-time work, etc.

5.7 The EESC urges research institutions to ensure balanced gender representation in their decision-making, selection and other relevant bodies.

5.8 Gender equality efforts must be incorporated into the planning processes of research institutions and universities and their respective departments. Action plans must be developed at all levels, with annual reports on target figures, measures and results. Departments must be actively involved in the process and made responsible by deciding on their own goals and measures. Women should also take part in such planning to ensure that female researchers and their areas of interest are not ignored.

⁽¹¹⁾ EUROSTAT, 2012.

5.9 Science and innovation are most beneficial to businesses. Member States should therefore support and strengthen the dialogue between research institutions, businesses and related social partners. Such dialogue could ensure more business-related research and help research institutions diversify their budgets.

5.10 The Committee calls for more dialogue with publishers and editors of scientific publications in order to remove gender bias and to increase female scientists' contributions to scientific publications, editorials, reviews and survey articles.

5.11 The dialogue should also be ensured among scientists of different generations — thus enhancing cooperation in research and providing informal learning opportunities for young researchers.

5.12 Leadership exerts a major influence on research activity and plays a vital role in quality development. Women as well as men must be included in training to take on high-level positions. Leaders must be given training on issues related to gender equality in research, which is a distinct area of expertise.

5.13 The Committee endorses international and national award systems, such as UNESCO-L'Oréal 'For Women in Science' programme⁽¹²⁾, 'Athena Swan'⁽¹³⁾ and other initiatives, as they not only encourage women to engage in scientific activities and invite institutions to implement structural changes, but also become a very efficient communication tool for promoting gender equality.

6. Examples of staff policy and organisational measures

6.1 One of the measures used to promote gender balance has been moderate positive action, as provided for by the Treaty on the Functioning of the EU and within the limits established by the case law of the European Court of Justice. Such action allows prioritising those applicants of a gender with less than 40 % of employees in the same category of post, if multiple applicants have approximately the same qualifications.

6.2 Research institutions and universities have two different ways of counteracting possible gender bias when recruiting people. The first is to set guidelines to ensure that appointment procedures are supervised by the faculty board, gender equality ombudsman or other responsible body. The second approach is to demand that faculties report on recruitment so that gendered statistics can be compiled on job applicants, short-listed people and people hired. It is important to counteract informality in appointment practices, as this tends to work in men's favour. This includes 'informal invitations' to apply for positions, and the tailoring of job advertisements to better suit men's qualifications and experience.

6.3 Tailored programmes and childcare centres can be set up. This can be used in job advertisements to attract applicants. Offering an optional addition to a fellowship period after parental leave is also effective in attracting more applicants of both sexes.

6.4 Several European countries have established separate databases of female scientists and experts. These are especially useful when searching for a particular scientist or a scientist with specific skills for a research team or institution body where females are under-represented.

6.5 Gender budgeting should be fostered to ensure a gender-sensitive assessment of budgets and distribution of resources. This involves incorporating a gender perspective at all levels of the budgetary process, thus enabling equality to be monitored and assessed and targeted interventions to be made as needed.

6.6 Special national and/or institutional funds could be established specifically for providing financial support to female researchers in disciplines with a low female ratio. Also, institutions and/or departments that work actively to promote gender equality and show good results can be rewarded through various incentive programmes.

⁽¹²⁾ http://www.loreal.com/Foundation/Article.aspx?topcode=Foundation_AccessibleScience_WomenExcellence

⁽¹³⁾ <http://www.athenaswan.org.uk>

6.7 Gender balance in tenure and committees could be improved by encouraging departments to invite female scientists from third countries as guest professors and as committee members.

6.8 Employers should avoid asking for a high degree of specialisation when advertising for research fellows and post-doctoral research fellows, in order to attract more applicants and avoid filtering candidates too early.

6.9 All appointment committees should have female members and be gender balanced. This may contribute to the application and acceptance of female applicants.

6.10 Gender awareness and knowledge of gender equality should be included in management training programmes. Qualifications in gender equality can be a criterion when filling management vacancies, and be part of management evaluation ⁽¹⁴⁾.

6.11 It is crucial that gender equality be monitored through appropriate indicators on human resources and allocation of financial resources. Underlying data collection should thus always ensure compliance with gender disaggregation.

6.12 Research groups have a stimulating effect on the research environment. Studies have shown that groups with people from different backgrounds have a better chance of obtaining a broader research perspective. Studies also show that establishing mixed research groups creates better conditions for creativity and innovation, and increases publication frequency ⁽¹⁵⁾.

6.13 Start-up packages (consisting of funds to run projects, procure equipment and pay salaries for research assistants) can make it easier for newly appointed women to establish themselves as researchers. Experience shows that women do not negotiate as good research conditions as men do. Start-up packages are an attempt to remedy this, and should particularly be considered.

Brussels, 15 October 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

⁽¹⁴⁾ IDAS — a national manager development programme, which aims to increase the number of women in senior academic positions at Swedish universities and university colleges.

⁽¹⁵⁾ 'The Scientist', 7 November 2005 and 'Science', Vol. 309, 2005.

Opinion of the European Economic and Social Committee on Developing services to the family to increase employment rates and promote gender equality at work

(own-initiative opinion)

(2015/C 012/03)

Rapporteur: **Béatrice Ouin**

On 26 February 2014, the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on

Developing services to the family to increase employment rates and promote gender equality at work

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 30 September 2014.

At its 502nd plenary session, held on 15 and 16 October 2014 (meeting of 16 October), the European Economic and Social Committee adopted the following opinion by 141 votes to 17, with 16 abstentions.

1. Recommendations

1.1 to the European Union, to:

- promote the exchange of best practice and disseminate statistics
- produce a set of recommendations for the social partners based on a gender-neutral comparison of jobs
- institute a prize for business innovation in services to the family
- promote social innovation in developing services to the family, regardless of the form these services take.

1.2 to the Member States, to:

- ratify ILO Convention 189
- legalise undeclared work by means of fiscal aid measures and simple declaration schemes to make family work a job like any other
- combat stereotypes to ensure that care work and household tasks are seen as activities for both men and women
- establish a general framework to encourage the emergence and development of a professionalised sector for services to the family, in accordance with the specific features and cultural practices of each Member State
- eliminate the legal barriers that are currently significantly reducing the declared, direct employment of employees by families.

1.3 to the social partners, to:

- recognise diplomas and certificates of qualifications, including accreditation of skills gained through experience during employment in private family homes

- negotiate collective agreements and job classification tables that take account of all skills, including those relating to psychology and relationships.

1.3.1 to business, to:

- set up companies and cooperatives to provide services to families and the status of employee to workers.

1.3.2 to unions, employers' organisations and works councils, to:

- promote the image of services to the family and upgrade jobs in this field
- promote training for those involved and certification of the skills acquired
- work towards setting up structures to bring services to the family together and organise them, while respecting traditions and differences between countries
- organise domestic worker and employer representation
- call, as one of the measures to promote professional equality, for services which create jobs and negotiate a financial contribution from businesses in order to promote a better work-life balance for all.

2. Background

2.1 This opinion deals only with services and jobs in private family homes, and not with all services (such as nurseries, retirement homes, school canteens, after-school childcare, etc.). Developing and professionalising domestic work is of strategic importance to achieving equality at work, because it is mainly women who carry out such work and who need childcare services, care for the elderly and home-cleaning in order to reach an equal footing with men in their career. These services benefit not only individuals, but also society as a whole. They create new jobs, meet the needs of an ageing society and help people reconcile their private and professional lives. They improve quality of life and social inclusion and make it easier for the elderly to remain in their own homes.

2.2 With regard to services to the family, however, three main areas need to be distinguished: home-cleaning, childcare and care for the ill, those with severe disability and the elderly. It is important to distinguish between these areas because the skills and qualifications needed, though often linked, differ to some extent, and also because institutional and organisational structures for these types of services vary from country to country, as do in consequence the situation, status and perception of the people who deliver them.

2.3 It must be remembered that a large share of assistance to families is currently provided by undeclared workers, which harms not only the workers themselves, but also families and the State.

2.4 In order to develop services to the family, efforts must be made to upgrade them and to lift the weight of tradition, as it means that these tasks, which are still carried out by women for free in the home, are still considered to be relatively unskilled.

2.5 Bringing this work out of the shadows, giving these jobs professional status and making them into real careers, with employment contracts, training, social protection, career progression and rights equivalent to those of other employees, are prerequisites for their development.

2.6 The EESC has already made useful recommendations on developing the 'personal services' sector⁽¹⁾, on the professionalisation of domestic work⁽²⁾, on combating the hidden economy and undeclared work⁽³⁾ and on the impact of social investment⁽⁴⁾. These will only be mentioned here in passing.

⁽¹⁾ OJ C 44, 15.2.2013, p. 16-22.

⁽²⁾ OJ C 21, 21.1.2011, p. 39.

⁽³⁾ OJ C 177, 11.6.2014, p. 9.

⁽⁴⁾ OJ C 226, 16.7.2014, pp. 21-27.

2.7 The EU 2020 strategy sets a target of 75 % employment for men and women between the ages of 25 and 65. Progress on the female employment rate is stumbling, however, due to the issue of family responsibilities, among other things. The goal of professional equality is hampered by the fact that men generally take on few of these family responsibilities. The strategy is running up against austerity measures that are reducing public spending on care related services, which largely employ women, and results in an increase in care responsibilities within the family. This reduction in the provision of care infrastructure in many Member States and the inequalities between women and men in the sharing of unpaid household and domestic tasks are hampering the goal of professional equality.

2.8 Inequality between men and women at work can be gauged by the wage gap and by the concentration of women in particular professions (a lack of gender mix in employment) and of men in others. Developing services to the family would help increase full-time female employment and access to professional training and improve career progression, both for providers and receivers of these services.

2.9 Creating jobs in services carried out in a family's home, for which qualifications and skills are recognised in higher wages and greater job security would also help attract men to these professions. Efforts should also be made to raise children not to see these tasks as women's work.

2.10 Developing such services could help create millions of jobs. If every family paid for someone else to do one hour of domestic work per week, 5,5 million jobs could be created ⁽⁵⁾. Social and technological innovation could also play a part here, especially due to the growing needs arising from the ageing of the population and cuts in the provision of social services to families. In that respect, it is crucial to focus on households' freedom of choice to find suitable ways to respond to these evolving needs of families.

3. Developing services in private homes in order to achieve a better work-life balance

3.1 Every family has a home and clothes to maintain, meals to prepare, children to care for, elderly parents or ill or disabled family members who need help. Women often have to work part-time in order to carry out these tasks, missing out on the career for which they have trained or on time they would use for training.

3.2 The decision to use such services is not taken easily, however, because it is not easy to bring someone into one's home and especially because the cost of such services is too high.

3.3 These family services are still today often performed by women, who are poorly paid, often undeclared and in insecure employment situations, including immigrants, some of them working illegally. The concentration of women in the professions of cleaning, caring and childcare reinforces entrenched gender stereotypes that act as a barrier to some men, results in inequality between women and men and further undermines efforts to bridge the persistent pay gap. This concentration encourages women's work to be seen as second-rate jobs.

3.4 Domestic workers are those who work in the 'domus' or private home. The ILO calls workers in this sector 'domestic workers', but the word 'domestic' has a negative connotation in some Member States. Since many terms are used to describe this work ⁽⁶⁾, including family employment, personal care services, home help, carer, mother's help, family assistant and cleaner, it is not easy to compile statistics.

3.5 The ILO estimates there to be some five million domestic workers in the European Union, but this is likely to be an underestimate, since in France alone, where fiscal aid measures have helped to legalise undeclared work and therefore to calculate how many such jobs there are, the figure stands today at two million; these jobs are mainly carried out through direct employment arrangements between domestic workers and families (60-70 % of the sector), without going through any intermediary.

⁽⁵⁾ European Commission, Staff Working Document on exploiting the employment potential of the personal and household services (SWD(2012)95, 18.4.2012, page 14).

⁽⁶⁾ Servants would live in their employers' home. This is still the case in some wealthy families or in embassies, but today domestic workers mostly only work a few hours per week for each employer or customer.

4. Barriers to their development

4.1 *Undervalued work*

4.1.1 It is clear that the jobs in question, especially in the area of home-cleaning, are still often considered not to require particular knowledge or skills. They are also seen as transition jobs (e.g. au pair) and are not considered to be a career choice.

4.1.2 In most cases families do not ask for either a diploma or a certificate and entrust their children, their elderly parents and the keys to their home to people they cannot be sure they can trust. Going into someone's home and adapting to a family's needs requires a set of psychological and technical skills that are underestimated and not necessarily well defined.

4.1.3 Because society does not hold domestic chores in high regard, it is often migrant women, leaving their own children and elderly parents behind in their home countries, who come to rich countries to take care of other people's, at a time when the European Union is struggling with high unemployment. Domestic workers often have a poor self-image, since they have not chosen these jobs and the jobs are deemed to be of little worth. Today, migrant women are often overqualified, but are being channelled into a sector which is one of the few possibilities for migrants to work and where their rights as workers are very often not guaranteed or respected. This 'brain waste' is cause for serious concern, not only for the individual migrant woman herself but also for the society in which they work.

4.2 *Work that is poorly paid, precarious and poorly protected*

4.2.1 This sector employs both unskilled and overqualified labour, employed by private individuals who are unable to pay a great deal for them if Member States cannot provide fiscal aid measures.

4.2.2 Working for family employers can be a precarious situation because of changes in family circumstances. Especially when families only need a few hours of work to be done each week, domestic workers have to take on several employers in order to live, and constantly have to find new ones to replace those who no longer need their services.

4.2.3 Until recently, work in private homes was excluded from the ILO's international labour conventions. This changed with Convention 189, which was adopted in 2012 but has only been ratified by two European states⁽⁷⁾.

4.2.4 Because domestic workers are scattered across private homes, they are difficult to unionise. In a great many cases they are not even interested in it. However, their demands and interests would be better recognised if they were supported and defended by strong representative unions. It is hard for domestic workers on their own to stand up for their rights against the families that employ them. This situation is all the more difficult when they are not fluent in the language, are trafficked and do not have access to their legal documentation.

4.2.5 There are increasing examples of plans for structuring this sector in the EU Member States, progressing at varying speeds and with different scopes, enabling a separate economic sector to be fostered and developed, with the negotiation of collective agreements being adapted to services to the family. Attention must be paid when collective agreements are being negotiated or renegotiated to the complexity of qualifications and the human relations dimension.

4.2.6 When taking measures to increase the professionalisation of the personal services sector, it is important to take into account the different types of employers in this sector (intermediaries or individuals), so as to prevent any confusion regarding status or responsibilities.

4.2.7 Cases of modern slavery have come before the courts, since there is trafficking in domestic workers. Migrant women thus find themselves at risk of labour and sexual exploitation. This helps to give the sector a bad name.

⁽⁷⁾ Italy ratified Convention 189 in January 2013 and Germany in September 2013. The European Council authorised Member States to ratify the convention in January 2014.

5. Creating decent jobs and high-quality services

5.1 *Taking action on cost: doing away with undeclared work and providing different sources of financing*

5.1.1 In order to switch from the current situation — a great amount of undeclared work, for several different employers — to real jobs, with skills that can be assessed as in other professions, there is a need for fair pay, better recognition and greater regard for these services, while they must remain accessible to everyone. These two conditions can only be fulfilled through additional financing, in the form of tax breaks or subsidised vouchers (such as the existing meal vouchers), social security benefits and contributions by users. In Sweden, tax breaks for individuals have proven to be useful for home renovations, creating jobs in the building industry. In France, domestic work emerged from the hidden economy when tax breaks were put in place. Furthermore, a 'service employment voucher' was brought in to simplify red tape. The arrival of the Internet then improved on this measure, by avoiding the need for paperwork.

5.1.2 Jobs can only be professionalised and high-quality services offered through a combination of public finance (tax breaks), social finance (family allowances, aid to business, mutual societies and health insurance, works councils, etc.) and private finance (payment for services by private individuals). Businesses can make a financial contribution to services to the families of their employees as part of gender equality plans and measures to balance work and family life. Some already do so. These good practices should be recognised and disseminated by the European Commission in order to encourage the creation of a 'service employment voucher' that could be rolled out to all Member States.

5.2 Taking action on employment insecurity: setting up new businesses, developing social dialogue in the sector, in accordance with the specificities and cultural practices of each Member State.

5.2.1 Faced with the increasing needs of families for domestic work, households' freedom of choice between the various services existing in Member States needs to be consolidated and stabilised, as does the complementary nature of these services, in order to create a new model able to promote social innovation in Europe.

Employment insecurity in the sector can only be tackled by putting an emphasis on two main issues: first, the need to professionalise jobs, in order to improve the quality of the services provided, and secure real professional development for domestic workers (see 5.3); and, second, the need to give official recognition to social dialogue in the sector, as this is a very important way to ensure the well-being of and decent work for both domestic workers and families, regardless of the form these services take. In this respect, it is crucial to help families access services provided by a professionalised and declared sector (see 5.1), by offering them the ability to choose the structure of their choice.

Moreover, the services offered to families in order to help them with childcare, care for the elderly, care for family members with severe disability or their work-life balance are not like any others: they directly concern the intimacy and privacy of households, and therefore cannot be entrusted to any unfamiliar person. For this reason, it is imperative to secure sectorial social dialogue, in line with the values of the European Union and the cultural specificities of each Member State.

5.2.2 Furthermore, the development of the sector also requires the development of businesses — cooperatives, associations or companies — which act as intermediaries between people requiring services and those who are qualified to provide them. The business is responsible for finding customers and for offering the employee a work schedule. The employee would then have a single employment contract, which would make social protection easier and would pay for travelling time between customers' homes, taking leave or taking part in training courses. This intermediary would also give a commitment to the customer: to send employees who are competent, honest, discreet and properly trained and that the service will be provided even if the regular employee is ill or on leave. The customer would no longer entrust his or her home or family members to an individual, but to the company.

5.2.3 Setting up companies will enable these workers to become employees like any other. This type of company already exists. The European Commission should identify and disseminate the different models, analyse them in terms of the service provided to the customer and the social conditions of employees.

5.2.4 Furthermore, when customers prefer to take on the responsibility of being the employer themselves, which allows them to choose who comes into their home, it must be ensured that these families are informed of their obligation, as the employer, to adhere to the rules. Member States should ensure that these rules are reasonable and can feasibly be complied with by an average family.

5.3 *Reforms in the sector*

5.3.1 In Sweden, a tax deduction scheme was introduced for domestic services in 2007. This tax credit made the purchase of domestic services considerably cheaper, reducing their price by 50 %. The customer pays half the price of the service and the other half is paid to the company by the tax authorities.

5.3.2 Previously, it was difficult to buy a declared domestic service. Today, seven years later, the facts show that the tax credit has created, and continues to create, new companies and new jobs, mainly for people who were previously outside the labour market.

5.3.3 The tax reform has had a positive impact on a sector in which, by and large, services used to take the form of undeclared work. The tax reduction has not only benefited the sector and its customers, but also society as a whole.

5.3.4 In 2013, the sector had a turnover equivalent to more than half a billion euro and employed over 16 thousand people. These figures have increased steadily in recent years. Between 2012 and 2013, the employment rate for domestic services increased by 16 %.

5.3.5 Most of the companies in this field have been set up by women, and often by women from immigrant backgrounds. More than one-third of customers for domestic services are over 65 years old and two-thirds are women. Overall, 62 % of customers are women, from all income levels, but are mainly from the middle class. Families are among the main users of these services. Two out of three employees in the domestic services sector were previously unemployed or engaged in undeclared work. Approximately 80 % are women and 40 % were born outside Sweden.

5.3.6 The main employers' organisation in the services sector signs collective agreements for domestic services with its union counterparts. Collective agreements provide for rules on pay, working time, paid leave, training, social security and other aspects.

5.3.7 The reform has resulted in more jobs, lower unemployment, less sick leave and, ultimately, in higher tax revenues, which makes the system virtually self-financing.

5.4 *Take action to provide professional status*

5.4.1 These tasks require technical knowledge (hygiene rules, how to operate machinery, use products, wash a child, help an adult to get out of bed, etc.). Relationship skills are also needed, which means inspiring confidence and being discreet, working without supervision and being able to adapt to each customer. Wage grids should be drawn up with a hierarchy of skills reflecting whether it is only the home that needs taking care of or whether there are also children or elderly people, whether the customer is absent or present and whether the customer is independent or dependent, both physically and mentally.

5.4.2 The paradox is that these tasks are poorly regarded, by some individuals, even though they are more rewarding than many others. Making a home clean, helping people and creating bonds with children is satisfying. Public bodies could, firstly, work with trade unions and employers to promote the professionalisation of these services, training for those involved and certification of the skills acquired and, secondly, work towards setting up structures to bring services to the family together and organise them.

5.4.3 To change the image of these tasks, they must be identified and assessed from the technical and relationship points of view, comparing them with equivalent tasks in other professions. Diplomas, qualifications and training should be established, validating the experience workers have gained. Some already exist.

5.4.4 It would also be useful to make it easier to switch to other tasks and even to other professions, within the same sector and in other sectors. This is especially important for overqualified migrant women who are channelled into the provision of services to the family, to avoid 'brain waste'.

5.4.5 Measures should be taken to eliminate trafficking in relation to services to the family, as this is a clear violation of human rights.

5.4.6 Trade unions have often neglected the unionisation of domestic workers, which is admittedly a complex matter, due to the fact that unions do not have access to private homes, their invisibility and their being highly dispersed. Unionising domestic workers may bring progress in the professionalisation of the family services sector. This professionalisation is one of the prerequisites for gender equality in the workplace.

Brussels, 16 October 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

Opinion of the European Economic and Social Committee on the impact of business services in industry

(own-initiative opinion)

(2015/C 012/04)

Rapporteur: **Mr van Iersel**

Co-rapporteur: **Mr Leo**

On 22 January 2014, the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on the

Impact of business services in industry

The Consultative Commission on Industrial Change (CCMI), which was responsible for preparing the Committee's work on the subject, adopted its opinion on 16 September 2014.

At its 502nd plenary session held on 15 and 16 October 2014 (meeting of 16 October), the European Economic and Social Committee adopted the following opinion by 100 votes in favour with 0 votes against and 2 abstentions.

1. Conclusions and recommendations

1.1 Given the close interaction between services and manufacturing and its impact on sustainable growth and employment in Europe, the EESC urges the Commission, in its next term of office, to put business services on the priority list. This is all the more necessary because of a new production model that some call 'the fourth industrial revolution'.

1.2 Concrete EU initiatives are required in all fields that are related to the digital revolution and the transformation of the economy and society that it brings about. Raising awareness among public authorities and in society is a prime prerequisite.

1.3 Business services should be part of an active industrial policy and be taken on board in the mid-term revision of the Europe 2020 strategy in 2015. The EESC notes that their significance has hitherto been undervalued by the Commission and by the Council.

1.4 Half of the Commission's DGs are in some way involved in services, but there is no systematic, let alone a strategic, approach. There is no clear policy or a visible spokesman in this area. Very disappointing and short-sighted was also the reduction by the Council of the budget for the Connecting Europe Facility in the Multiannual Financial Framework from EUR 9 billion, the figure proposed by the Commission, to EUR 1,2 billion.

1.5 The EU has to decide now whether it wants to take the lead, contributing to new sustainable growth and new jobs, or leave its place to others.

1.6 Therefore, the EESC warmly welcomes the Commission's initiative last year to start a fundamental discussion in a High Level Group on business services ⁽¹⁾. The EESC insists that this must be followed shortly by:

- an in-depth analysis,
- effective coordination between the Commission departments concerned, and
- a European agenda (see point 1.15).

⁽¹⁾ The HLG on Business Services, initiated by DG Enterprise and Markets, presented its conclusions in April 2014. In parallel with this, five working groups focused on specific areas.

1.7 Fast-expanding business services are already dominant in manufacturing. A wide and growing range of companies — both manufacturing and service — is now involved in designing and delivering new generations of business services. New technologies make services still more relevant to manufacturing.

1.8 In addition, the Internet of Things and the Internet of Services is currently known in Europe as the fourth industrial revolution, a dawn of a new era following that of automation.

1.9 A quantum leap results from a vertical and horizontal cooperation from machine to internet, machine to human, and machine to machine along the value chain in real time. Islands of automation will get interconnected in innumerable networks and variations. Software and networks will connect intelligent products, digital services, and customers to the new innovative 'products' of the future.

1.10 This development is widely discussed. A pioneering economic and political approach is the German project Industry 4.0, which pays due attention both to business services and to the wider economic context which is undergoing a fundamental transformation. Together with similar initiatives, it should be a building block for the agenda for the industry and a wide range of public and private stakeholders. In digital markets, the first mover enjoyed big competitive advantages in the past.

1.11 Globally-comparable strategic initiatives are foreseen in the US, China, and Korea. An investment programme is planned by the Pentagon. Data giants like Google, Amazon, Apple and Yahoo have a natural advantage in the market place.

1.12 The human factor is decisive. New value chains and business models generate new alliances and interrelationships between companies, and this has a tremendous impact on work organisation. Moreover, considerable shifts in the labour market are expected. New forms of work organisation, employment arrangements, and updating of skills are, due to the rapidly developing digital technology, constantly emerging in industry and, in particular, in business services sectors. These transformations must be monitored closely. Purpose-built policies that must be based on well-funded research, must focus on promoting positive conditions and mitigating negative effects.

1.13 Many business service sectors currently lack a culture of social dialogue, which may undermine the quality of employment in these sectors. A robust framework for social dialogue and active participation — also in view of innovative education and training facilities — at company, sectoral, national and EU levels is required, taking into account the often firm restructuring in the quickly evolving business service industry.

1.14 Cross-border and EU recognition of qualifications and skills will promote labour mobility and knowledge. This will also extend and reinforce European opportunities for the very high number of small and micro-companies in this field.

1.15 The EESC largely agrees with the recommendations of the EU HLG and the five working groups of 2013. Given the overwhelming importance of business services to achieving the goal of manufacturing making up 20 % of GNP in 2020, as well as the prospect of the fourth industrial revolution, a European agenda or roadmap for business services is necessary. In the view of the EESC it should embrace the following:

A. Knowledge and policy support:

- raising awareness and promoting debate,
- defining and classifying business services,
- providing relevant and reliable statistics on business services and their evolution.

B. Policy areas:

- strengthening integration, combating fragmentation of the internal market and removing barriers to intra-EU trade,
- supporting a regulatory framework and European platforms on standardisation,
- strengthening the internal market in the telecoms sector,
- promoting investment in the infrastructure required for a secure digital marketplace for communication, cooperation, and the exchange of digital goods and services,
- protecting data and intellectual property rights,
- reducing legislative and regulatory barriers to international trade in business services.

C. Specific topics:

- the impact of Big Data — the significant increase in the volume, variety and velocity of data — resulting from intensified networking and data generation,
- the very important link between research, industry, services and employment,
- public procurement,
- environmental performance and sustainability,
- the social impact of business services on society in general and the labour market,

D. Financial:

- financial resources.

2. Introduction

2.1 In mature economies more than 70 % of output and employment comes from services. The percentage of services as well as their sophistication is rising everywhere in the world.

2.2 Business services are an important growth factor. According to the EC, between 1999 and 2009 their average growth rate was 2,38 %, while the average of all sectors for the EU economy was 1,1 %. In the same period, the employment growth rate in this sector was 3,54 %, while the figure for all sectors of the EU economy was only 0,77 %.

2.3 The rise of the service economy (or 'tertiarisation') in overall economic activity in the EU outstrips that of manufacturing. This stage is being followed by 'quarterisation' which is associated with the rise of information and knowledge-based services.

2.4 Services is a generic term. It concerns a very broad range of economic and social activities, from the lower to the high end of the labour market. Employment growth occurs in high- and low-skilled occupations, while the workforce in medium-skilled service occupations is shrinking, which puts pressure on the middle class.

2.5 In the service-industry interaction the following main types of relevant services can be identified:

- externally supplied services, used by industry, i.e. services coming from the business services sector. These cover the whole range of operational services (e.g. industrial cleaning), professional services (e.g. engineers), and other services, including KIS (e.g. computer services),
- internally supplied services, used by industry, i.e. service functions that are performed 'in-house' within industry,

- supporting services, supplied by industry, i.e. services supplied by industry alongside their products (e.g. after-sales services),
- embedded services, supplied by industry, i.e. service functions that are embedded within the products supplied by industry (e.g. software).

2.6 Business services have considerably increased since the 1970s. They currently account for EUR 2 000 billion of turnover, and provide jobs for 24 million people. Millions of companies, mostly small and micro-sized, are involved, apart from not to mention the internal service-based parts in larger companies. Business services account for 11,7 % of the EU economy.

2.7 The picture is extremely diversified without a common denominator. The tremendous impact affects all layers and relationships in society. They are a driving force for change and stimulate the revision of business models. They foster continuous reorganisations of public and private companies and public bodies.

2.8 In recent decades, automation and ICT have been strong drivers ⁽²⁾. Developments in individual service sectors also often have transversal effects on other sectors.

2.9 Traditional boundaries between manufacturing and services are blurring. The development of manufacturing can no longer be seen separately from services as it was in the past. In this context the EU target of raising the share of manufacturing industry to 20 % of European GNP should be redefined, taking account of the added value of business services. It would be more appropriate to speak of a manufacturing-centred value chain ⁽³⁾.

2.10 In the global context Europe is — by and large — doing well, although there are fields where European industry is struggling. A rise in productivity and the dynamic introduction of new technologies may provide a positive effect on relocation. On the other hand, one notices a sensitivity of people to renewal and a hidden resistance to innovation. This trend deserves to be given specific political attention.

3. The development of business services and industry inter-linkages

3.1 Business services are at a very dynamic stage. Due to the revolution driven by the Internet, the impact of services on production lines as well as on the overall performances of business is increasing. Production lines are now driven by software. The role of labour in manufacturing is being reduced.

3.2 This is contrary to the conventional theory and indicates that manufacturing and business services are increasingly interwoven. Consequently, a distinction between the two is often artificial. Nowadays, companies use inputs and produce products and services that incorporate components from both manufacturing and services. This interaction is a two-way process.

3.3 This conclusion can also be drawn from changes in the corporate landscape. Although services are mainly supportive, they are a key driver in the fragmentation of value chains. Among other things, this brings about the split-up of larger companies and changes them from being rather static entities into ones based on dynamic combined interactions between more or less independent — or at least identifiable — parts within the same company or outside (outsourcing). As flexible and adaptable intermediaries, services are supporting these processes.

3.4 Fragmentation of the value chain also considerably reduces the distinctions between sectors, as the boundaries between sectors are blurring. A totally new picture comes into being, for instance Google producing a car, knowing that 35 % of the investment in a car is in software, even climbing as high as 50 % in engineering and in sophisticated machine-building.

⁽²⁾ See in particular EESC opinion TEN/549, 'Shaping the future of internet governance', July 2014. (OJ not published yet).

⁽³⁾ Institut der Deutschen Wirtschaft, Cologne, 2013.

3.5 Despite a general acknowledgment of the impact of services for the whole economy and employment, in-depth analyses at EU level are, most astonishingly, still lacking which is, among other things, due to the following:

- apart from some big companies, the sector generally consists of innumerable small and micro-companies which are hardly organised, so the voice of the business services sector at EU-level is very weak,
- moreover, due to a dynamic and continuous process of renewal and inventions, it is very difficult to come up with reliable classifications,
- the long-standing exclusive attention paid in the EU to manufacturing industry has prevented it from taking an honest and dispassionate look at the overwhelming impact of supportive services.

3.6 Traditional statistical indicators with sharp distinctions between manufacturing and services are therefore incapable of capturing the complex structure of value chains. Input/output perspectives should highlight, among other things, which service industries deliver, and how much, to manufacturing and vice versa. But first this requires the development of new sets of statistical indicators.

3.7 More precise and detailed statistics should build a better basis for policy debates on what is going on and on possible instruments to improve output.

3.8 Statistics can also help to focus the debate, among other things, on removing obstructions to cross-border trade and mobility which stem from national regulations, 'gold-plating' and special national rights granted to professions in the services sector, e.g. concerning qualifications. The harmonisation and cross-border recognition of professional qualifications should facilitate cross-border mobility among the regulated professions, which is also of particular interest to small and micro-companies.

3.9 Overall EU figures will highlight considerable differences between European countries. A strong service sector feeds a strong economy. Infrastructure, especially broadband, is of great importance. Infrastructure should be duly protected both for data protection reasons and to ensure continuity of services. A number of Member States must undertake considerable efforts to catch up in this area.

3.10 Production lines are more concentrated than before. The interconnectedness of European and emerging markets has created complex economic and knowledge networks where services are a driving force. Delocation will become less effective, as industry will depend on the most specialised, knowledge-intensive and high-quality services.

3.11 Europe still maintains a comparative advantage in the production of such high-end services, mainly due to its highly skilled workforce and level of R&D. However, Europe should not fall into the trap of complacency. Competitive advantages need to be maintained pro-actively. This requires, in particular, policies that foster continuously high levels of investment in R&D and a further improvement of the workforce's skills.

3.12 The interaction between service providers and clients is paramount. Business services foster the production — products and/or auxiliary tools — of the client. Successful developments result from effective cooperation between demand and supply, envisaging new 'architectures.' Different visions and 'languages' are bundled together to produce new solutions. In these processes creative and tailor-made solutions come from a variety of disciplines.

One thing that is remarkable is the lack of medium-sized companies. Apart from important large service-suppliers like SAP, Europe is less represented in the large segment of service-providers than the US. In some high technology sectors Europe is virtually absent compared with the US. The examples of Google, Apple, Amazon, and Microsoft, as masters of the game in which 'the winner takes all,' show how deplorable it is that Europe has no player in this field.

3.13 As regards any problems arising from the Services Directive, the completion of the single market for business services must display a commitment to seizing opportunities for growth and job creation whilst keeping in check the possible negative consequences of services liberalisation, such as social and wage dumping.

3.14 In 2011, the Commission drew particular attention to the need for an appraisal of the role of knowledge-intensive business services (KIBS). One overarching conclusion is that services — and KIBS in particular — play an important and growing role as inputs into manufacturing processes. The two are in fact inseparable, while manufacturing output depends more and more on the quality of such services.

3.15 Science and universities are also very much involved in innovative services and in interaction with industry. Quite a number of universities are the sites of promising start-ups in business services. This adds to the clustering of science, innovative solutions and industry. Moreover, it leads to further positive effects as better services contribute to a moving-up of the value chain in industries where a country already has technological capacity and a comparative advantage⁽⁴⁾. This adds substantially to the importance of manufacturing in international trade.

3.16 Due to the significance of services one speaks of the ‘servitisation of manufacturing’. The symbiosis of manufacturing and services often changes the focus of companies or even whole fields of activity. A change in marketing concepts is made possible by new services, as they are no longer focused on selling products but on (individual) customers’ needs. Another example is that manufacturing is now increasingly relying on the design and delivery of business services as the most profitable part of their activities.

3.17 Against this backdrop, a goal of 20 % for manufacturing industry’s share in Europe’s GNP by 2020 is too unspecified. The goal should rather be the need to create favourable conditions for enhancing industrial processes in which the symbiosis of manufacturing and services is delivering up-to-date products by upfront production processes and productivity.

3.18 The new wave of ICT applications is a self-propelling process: services breed services, and consequently their significance for the economy at large increases disproportionately. They foster productivity and stimulate transversal effects across the economy which give rise to new combinations. They will also give a further impetus to globalisation.

3.19 Another phenomenon is that more and more products are marketed together with services attached to, or even incorporated into them, which again leads to new alliances and combinations.

4. The fourth industrial revolution — a major sea change

4.1 The spectrum and the impact of business services becomes much larger when it is linked to the fourth industrial revolution, which has a broader scope than business services alone⁽⁵⁾. This revolution is following the three eras of mechanisation, electricity, and IT. Now it is all about the introduction of the internet of services and the internet of things.

4.2 As part of this process there is a variety of initiatives in business and science, some of which have been encouraged by public authorities, to adjust production processing and develop new products. One pioneering initiative is a roadmap concerning the fourth industrial revolution initiated by the German government in 2012⁽⁶⁾.

4.3 There are currently more initiatives in parallel with corresponding characteristics, for instance:

— the Dutch ‘Smart Industry’ initiative of April 2014;

— the ‘Industry 4.0’ strategies of the Austrian regions;

— the Walloon region’s competitive clusters;

⁽⁴⁾ OECD Trade Policy Papers no. 148 ‘The role of services for competitiveness in manufacturing,’ 2013.

⁽⁵⁾ The wide-ranging implications of 4.0 have to be discussed separately and more extensively in forthcoming opinions.

⁽⁶⁾ ‘Recommendations for implementing the strategic industry initiative 4.0’, April 2013.

- the 'Future of manufacturing' project sponsored by the UK government;
- the Fondazione Democenter — Sipe, Emilia Romagna;
- the Smart Manufacturing Leadership Coalition — US; and
- the Cyber-physical systems innovation hub, India (wider than 4.0).

4.4 The smart factory of the future is of a very sophisticated complexity, embedded in fine-tuned networking due to further developed software applications and systems. This development will result in progressive individualisation — for customers as well as employees — in delivering and benefiting from smart and tailor-made products and components.

4.5 The potential for industry and the economy is immense. The instantaneous accomplishment of customer's wishes, flexibility, optimal decision-making, the efficient use of raw materials, and a potential for added value by new services are to be promoted. The development might equally fit in with demographic trends in Europe and may benefit the work-life balance, at the same time boosting competitiveness in a high-income environment.

4.6 In all industrial sectors, horizontal and vertical integration, as well as an end-to-end digital integration of engineering across the entire value-chain will be envisaged. Open access and innovation will boost intense networking.

4.7 In order to avoid losing ground to competitors from non-EU countries, common EU platforms on the standardisation of products and services, including all relevant components in the value chain, have to be put in place.

4.8 Large and small companies alike are involved. The outlook for SMEs is positive. They will be able to make use of services and software systems far more easily than hitherto. New opportunities will be created for region-based SMEs, which can also be integrated more easily into internationalisation processes. SMEs will benefit from interdisciplinary knowledge and technology transfer anyway.

4.9 As described above, in all categories there will be a far closer relationship between clients and suppliers.

4.10 Existing IT-based technologies need to be adapted to the specific requirements of manufacturing and continue to be developed. Research, technology, and training initiatives are needed with a view to developing methodologies in the field of automation engineering modelling and system optimisation.

4.11 An infrastructure of the economy is required which includes an appropriate building up of broadband-internet-infrastructure as well as adequate education and training facilities. In this respect the EESC insists once again on the need for a Growth Initiative in addition to sound fiscal policies⁽⁷⁾. EU Member States should benefit from the current recovery and take the opportunity to intensify investments in indispensable infrastructure as a matter of urgency in the industry 4.0 era.

4.12 Industry 4.0 will give Europe a unique chance to drive towards various goals with one single infrastructure investment. Postponement would undermine European competitiveness. Such investment should therefore also be considered positively as part of the country-specific recommendations in the annual Semester.

⁽⁷⁾ See the EESC opinion on 'A stronger European industry for growth and economic recovery — Industrial policy communication update', July 2013, especially point 1.2. OJ C 327, 12.11.13, p. 82.

4.13 The German roadmap pays due attention to the social aspects of this new development. Not only the management and personnel of companies, but the whole of society is involved. It is a major sea change in the spheres of human-technology and human-environment interaction. Technological innovations must be seen in their socio-cultural context, since cultural and social changes are also major drivers of innovation in their own right.

4.14 In the same vein, decentralised leadership and management approaches, as well as the responsibility of the employed for making their own decisions, are breaking new ground. This entails fundamental changes.

4.15 Platforms, seminars, and working groups, including businesses, social partners, the world of science and public authorities should be organised nationally and at EU level. Such platforms and working groups are crucial to defining the vision and strategies to manage the transformation process in order to seize opportunities and avoid pitfalls. The HLG (see below) provides an example of successful stakeholder dialogue.

4.16 The new digital industrial business and services world will need a secure, trusted digital exchange platform with clear market rights and rights protection⁽⁸⁾. In this modern hybrid world, a communications and cooperation platform is equally important.

5. Implications for society and labour markets⁽⁹⁾

5.1 A service-driven society and digitilisation have tremendous consequences for the labour market and for society at large:

- The ‘servitisation’ of the economy generates a reduction of employment in middle-class income groups. To stop and reverse this trend, the creation of medium-income employment opportunities should be made an explicit objective in policies on structural adjustment. To this end, instruments such as Active Labour Market Policies and investments in innovative education and training should be highlighted in EU policies for industries and services. Steps should be taken to examine how collective agreements can be supportive in this respect.
- People at all levels must be prepared to equip themselves with new sets of skills which, in view of the huge social challenge involved, is all the more reason to foster up-to-date education curricula as well as life-long learning. The transition affects all generations, so elderly workers too must be given the opportunity to continuously update their skills. Any research on or evaluation of the transformation process must help to identify occupational skills and qualification needs properly.
- Development is mainly being driven by (new) small and micro-companies, while large operations are reducing their labour force. This process is reflected in a boost of start-ups and self-employed people around Europe. Nowadays, somebody can set up a software company over the weekend by using readily available tools that allow him to quickly develop and test products, the so-called ‘lean start-up’ movement.

5.2 It is worrying that this sea change in the economy, with all its consequences for society and the labour market, is still insufficiently analysed and is not being discussed more widely in circles other than the business and scientific communities.

5.3 Consequently, there are many reasons why this transition to totally new perspectives in the economy must be discussed widely in politics and in society, both nationally and at EU level. This process affects the day-to-day life of many citizens in regions and towns in terms of employment as well as unemployment. It will thus also influence the choices of people regarding their own future. The social and cultural aspects involved should be duly highlighted and taken into account.

⁽⁸⁾ See in this respect EESC opinion TEN/550 ‘Cyber attacks in the EU’, July 2014. (OJ not published yet).

⁽⁹⁾ See also EESC opinion TEN/548, ‘The digital society: access, training, employment, tools for equality’, July 2014. (OJ not published yet).

5.4 Research on the rapid shifts on the labour market which must be mapped accurately as a basis for future education and training should be given priority under the heading of 'Industrial Leadership' in Horizon 2020.

5.5 Many vulnerable jobs are at risk, and if this process is not well managed it will have social and political consequences. The EU and the Member States must therefore put political and regulatory environments in place that, in addition to providing new and indispensable technology, also ensure that the objectives of improving working and living conditions and of avoiding a polarisation between low- and high-income groups are achieved.

5.6 Developments from country to country are uneven. Traditional programmes have to be reviewed and curricula adapted. Companies are underway. The relationship between education and companies is changing in order to keep pace with industrial change. The employed have to be prepared to learn different and, generally, more specialised skills, and they must be enabled to adapt to rapid changes in the demand for skills.

5.7 This development does certainly not mean a one-sided emphasis on technical skills. Intellectual and social skills remain just as important. These are indispensable for keeping pace with all the developments in society and the need for social innovation which goes hand-in-hand with fundamental shifts in the economy.

5.8 In this all-over perspective, social dialogues at company, sector, national and EU level must be ensured to discuss developments, framework conditions in the EU and in the Member States, and ways and means to prepare the work force properly.

6. High Level Group on business services — a first step

6.1 The impact of the intensification of business services has too long been neglected at EU level and in EU policy-making. The expected quantum leap makes it all the more necessary that this situation is rectified. Therefore the EESC welcomes very much, as a first step, the report of the HLG on Business Services in 2013.

6.2 Although the Commission is involved in processes which are interlinked with the broad effects of business services, notably via the Digital Agenda and via research and innovation projects, an overall picture is missing.

6.3 Business services deserve a prominent place in a future-oriented industrial policy. The Report of the HLG should pave the way to getting a full picture of developments and defining the desirable steps to be taken in the EU.

6.4 The HLG identifies a great number of business services, from professional services through technical services to operational support services.

6.5 In particular, they make it clear that business services have been considered largely in-sufficiently up till now in the Commission's preparation of new policies as well as in the political discussions in the Competitiveness Council.

6.6 Besides the HLG, five working groups have produced reports on: (i) the single market, (ii) innovation, (iii) skills, (iv) standards, and (v) trade. They contain numerous analytical observations and detailed comments on the ongoing process in the areas discussed as well as on desirable approaches for EU policies and actions.

6.7 Many observations and proposals in the reports underline the need for in-depth EU analyses in parallel with improved and focused political guidance to SMEs which the EESC, in line with many experts, has been advocating for years. The outstanding role of micro- and small companies as well as an exponential rise in their numbers in the current industrial cycle underline once more the urgent need for better regulation, improved conditions for innovation partnerships, and a special focus on access to finance.

6.8 Apart from the traditional barriers facing services as compared to those with which manufacturing is faced, the analysis shows that, remarkably, the ongoing fragmentation of the single market for goods also has additional damaging effects on cross-border development and the stimulation of business services. Europe is still far from creating a successful large home market for services.

6.9 The many proposals for improvement of the environment for business services underline the outstanding significance of the latter for the link between manufacturing and services, and thus for the perspective of strengthening manufacturing industry in Europe.

6.10 Therefore the work of the HLG and the working groups is, in the view of the EESC, a very useful starting point for carrying out a more detailed analysis and for the drawing-up of concrete proposals by the Commission.

Brussels, 16 October 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

Opinion of the European Economic and Social Committee on the Communication from the Commission on the European Citizens' Initiative Water and sanitation are a human right! Water is a public good, not a commodity!

(COM(2014) 177 final)

(own-initiative opinion)

(2015/C 012/05)

Rapporteur: **An Le Nouail Marlière**

On 11 September 2014, the European Economic and Social Committee, acting under Article 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on the

Communication from the Commission on the European Citizens' Initiative Water and sanitation are a human right! Water is a public good, not a commodity!

(COM(2014) 177 final).

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 18 July 2014.

At its 502nd plenary session, held on 15 and 16 October 2014 (meeting of 15 October), the European Economic and Social Committee adopted the following opinion by 151 votes to 2 with 5 abstentions.

1. Conclusions and recommendations

1.1 In its response to the first successful European Citizens' Initiative 'Water and sanitation are a human right! Water is a public good, not a commodity!', the Commission affirms the importance of the human right to water and sanitation and of water as a public good and fundamental value, and reiterates that 'water is not a commercial product'.

1.2 First of all, it is to be welcomed that the support of people for this ECI, as well as the recognition by the Commission of the specificity and importance of water services 'to satisfy the basic needs of population', have led to the exclusion of water supply services from the concessions directive.

1.3 More generally, the EESC appreciates the Commission's commitment to act in accordance with Treaty rules requiring the EU to remain neutral in relation to national decisions governing the ownership regime for water undertakings. In this regard, the EESC firmly believes that no decision or act related to EU activity should imply a limitation of Member States' freedom to choose how to organise the provision of water services.

1.4 The EESC therefore calls on the Commission to take specific initiatives to ensure the long-term respect of this commitment across all the EU's policy areas, both as regards Member States benefiting from support under the European Stability Mechanism and in the current context of trade negotiations (on the TTIP and/or trade in services, etc.), and to explicitly exclude water services from such negotiations.

1.5 The Committee takes due note of certain positive aspects of the Commission's response:

— the recognition that the provision of water services is generally the responsibility of local authorities, which are the closest to the citizens;

- the commitment to promoting universal access to water and sanitation in its development policies through not-for-profit partnership; and
- the promotion of public-public partnerships, which should be recognised as an effective tool to enhance the performance of public authorities and water services not only in the international development domain, but also within the EU.

1.6 The Committee observes that water utilities are natural monopolies, by virtue of the huge capital investments needed and the large transportation costs, as noted in a recent report by the European Environment Agency (European Environment Agency, 2003, *Assessment of cost recovery through water pricing*, Luxembourg; p. 28). Therefore, public authorities must be in a position to exert an extensive control on the quality and efficiency of the services provided by water utilities. In this framework, the EESC supports the Commission in its recognition that transparency has a key role to play.

1.7 Therefore, the Committee invites the Commission to increase its efforts towards full implementation of Article 14 of the Water Framework Directive (public information and consultation) and supports the Commission's intention to promote the benchmarking of water services as regards economic, technical and quality performance indicators. The links between investment levels, average water tariffs and quality of employment conditions will thus become clearer and increase transparency in the sector.

1.8 The EESC considers that the review of the Water Framework Directive (WFD) and the Drinking Water Directive should be an opportunity to integrate indications and principles concerning the principle of universal access as well as the WFD principle of the recovery of the costs of water services. The EESC urges the European Commission to propose legislation establishing access to water and sanitation as a human right as set out by the United Nations, and to promote the provision of water and sanitation as vital public services for all.

1.9 The EESC notes that, through their support to the ECI, European citizens have expressed their desire to participate in European policy-making and have a say on the issue of water as a public good and a service of general interest. This calls for all European institutions to open up the governance of European water policy to all interested stakeholders and to increase the opportunities for public debate on the future of water resources.

2. Introduction

2.1 The European Citizens' Initiative (ECI), introduced by the Lisbon Treaty to encourage a greater democratic involvement of citizens in European affairs ⁽¹⁾, allows one million citizens of the European Union, coming from at least seven Member States, to call on the European Commission to propose legislation on matters of EU competence. It is the first ever participatory democracy instrument at European level.

2.2 Since its launch in April 2012, more than 5 million citizens have signed up to over 20 different initiatives. The EESC has invited several campaign initiators to its plenary sessions.

2.3 The objective of the ECI for water and sanitation as a human right was to propose legislation implementing the human right to water and sanitation as recognised by the United Nations, and promoting the provision of water and sanitation as essential public services for all. It was presented at the EESC's September 2013 plenary session.

2.4 Here is the original text presenting the initiative:

Water and sanitation are a human right!

We invite the European Commission to propose legislation implementing the human right to water and sanitation as recognised by the United Nations, and promoting the provision of water and sanitation as essential public services for all.

⁽¹⁾ Regulation (EU) No 211/2011 of the European Parliament and of the Council on the citizens' initiative; OJ L 65, 11.3.2011, p. 1.

The EU legislation should require governments to ensure and to provide all citizens with sufficient and clean drinking water and sanitation. We urge that:

1. the EU institutions and Member States be obliged to ensure that all inhabitants enjoy the right to water and sanitation;
2. water supply and management of water resources not be subject to 'internal market rules' and that water services are excluded from liberalisation;
3. the EU increases its efforts to achieve universal access to water and sanitation.

2.5 On 17 February 2014, after the Commission had validated the 1 659 543 signatures gathered across 13 Member States, the European Parliament held a wide-ranging hearing for the citizens' committee of the water ECI, in which the EESC was invited to participate. On the same day, the Commission vice-president, Mr Šefčovič, also received the ECI citizens' committee.

2.6 On 19 March 2014, the European Commission published a communication setting out its official response to the first successful ECI, which called on the Commission 'to implement the human right to water and sanitation in European law'.

2.7 On 15 April 2014 — ECI Day — the EESC held a conference on 'Building up success' to which the water ECI's citizens' committee was again invited and during which 'an overwhelming number of ECI campaigners and stakeholders from various institutions and organisations met at the EESC to discuss the lessons learned so far and to draw up a list of recommendations to make this instrument for direct democracy more effective and user-friendly'.

3. General comments

3.1 As an instrument for sparking public debate and forging networks of citizens, the ECI has demonstrated its strength and proven itself.

3.2 The obstacles that need to be removed lie in reviewing the rules governing its implementation⁽²⁾ as they are not in keeping with the real nature of the ECI. They impose obligations comparable to those that would be appropriate for a legally binding instrument of direct democracy, the legal impact of which would be that of a referendum (personal data, possible deterrent effect, disproportionate procedures) and subject the organisers to disproportionate legal constraints, which differ from one Member State to the next. They restrict the scope of matters that may be legally registered to the discretion of the Commission, which alone determines whether a given matter falls within its competence.

3.3 The text presenting a registered ECI can be no longer than 800 characters — title, subject matter and description included — which led the Commission to find that the initiative lacked specific proposals!

3.4 Many Europeans have lost hope of having their say in Europe and on Europe. The future European Commission should be mindful of this.

3.5 As part of the Treaty on European Union (Article 11(4)), this device is the only legal instrument available to ordinary Europeans to influence the EU's political agenda. In 2015, the EP and the Council will have to review these implementing rules, and should learn the lessons from the initial campaigns.

4. Specific comments

4.1 The Committee welcomes the fact that the ECI on *Water and sanitation are a human right* has required the EU institutions to address Europeans' concerns and note that they go beyond the usual regulatory considerations of the Commission; it is also pleased that the Commission has decided to exclude water and sanitation services from the directive on concessions.

⁽²⁾ Regulation (EU) No 211/2011 of the European Parliament and of the Council on the citizens' initiative.

4.2 The Commission rightly points out Members States' responsibilities as regards the adoption of measures to support people in need.

4.3 It also acknowledges having competences in defining some basic principles for water pricing policies in the Member States and points to the provisions of Article 9 of the Water Framework Directive, which establishes the principle of full cost recovery.

4.4 However, it has lacked any real ambition in its response to the expectations of more than 1,6 million people (1,9 million signatures collected) and has not put forward a new proposal for an EU instrument recognising the human right to water.

4.5 Based on specific examples from various European cities, the Committee believes that the requirement to adopt suitable water pricing policies in order to conserve water can and should be reconciled with the vital need to guarantee universal access to water by means of appropriate solidarity mechanisms.

4.6 The EESC considers that the review of the Water Framework Directive and the Drinking Water Directive should be an opportunity to integrate indications and principles concerning the principle of universal access and the WFD principle of the recovery of the costs of water services.

4.7 *Ensuring better quality and more accessible water:*

4.7.1 The Committee points out that it is surprised to see an ECI of this magnitude being responded to with a proposal for a public consultation on the quality of drinking water, which seems to be falling back on more usual means of consultation, which, though useful, do not address the ECI.

4.8 *Ensuring neutrality as regards the provision of water services:*

4.8.1 The Committee welcomes the fact that the Commission has grasped the need for transparency in the decision-making process regarding water at local, regional and national levels.

4.8.2 Given that it is vital to life, water should be conserved as a fragile resource and a public good. Due account should be taken of the fact that water use is a priority for meeting vital human needs. The Commission should agree on the need to recognise access to and the adequate supply of water and sanitation *as a fundamental human right*, given that they are vital to life and dignity, and in so doing to exclude them permanently from the commercial rules of the internal market by proposing that they be reclassified as a service of non-economic general interest ⁽³⁾.

4.8.3 Products necessary to people's survival should be subject to a specific approach and removed from the scope of free trade. Despite the existence of official texts declaring that 'water is not a commercial product' and that 'everyone has the right to food', we are still seeing privatisation of water sources, large-scale speculation in food commodities and land grabbing on a major scale. These phenomena are directly threatening the livelihoods of the poorest people.

4.8.4 The Commission is requested to propose specific binding measures responding to this ECI, which it has failed to do in its communication. In particular, a legally binding European text should stipulate that profit must not be the goal of the management of water sources and related services. Otherwise, the statement that 'water is a public good' is meaningless.

4.9 *Ensuring the provision of water through public services in the citizen's interest:*

4.9.1 The Committee calls for the adoption of a European instrument recognising the human right to water and sanitation as established by the UN in July 2010, which is one of the cornerstones of the ECI, along with Article 14 TFEU on SGEIs and Protocol 26 on SGIs, and for the Commission to recommend to the Member States that this right be fulfilled through a service of non-economic general interest, while ensuring neutrality as regards delivery of this service, separate from its commercial use in industry or agriculture.

⁽³⁾ OJ C 177, 11.6.2014, p. 24-31.

4.10 *A more integrated approach for development assistance:*

4.10.1 The EU's development policy and financial commitments would benefit from being backed firmly by the recognition by all Member States of the human right officially recognised by the UN in July 2010, particularly with a view to ensuring optimum effectiveness, as declaring development and aid policy in this area to be bound by a human right would make it possible to combat corruption and commit sub-contractor operators. The Committee encourages and supports the integrated approach and the creation of synergy between water and food security. As regards the synergy between water and energy, the Committee awaits the proposed measures in order to judge whether they are in keeping with the spirit of the ECI as regards the protection of water as a public good.

Public health should also be a central concern, notably in terms of the provision of sanitation wherever it is lacking, and despite the fact that this field is of less interest to operators.

4.11 *Promotion of public-public partnerships:*

4.11.1 The Committee endorses the Commission's commitment to better promoting these not-for-profit partnerships in the water sector so as to develop capacity by transferring expertise and knowledge between water and sanitation utilities, local authorities and other water sector stakeholders, and reiterates that innovation and the benefits of research and development that has received public funding under the 7th Framework Programme should be made available to the not-for-profit sector, enterprises in the social and solidarity-based economy, municipalities, etc. ⁽⁴⁾.

4.12 *Rio+20 follow-up:*

4.12.1 In order to support the sustainable development goals that are to replace the millennium development goals after 2015, and which are to be universal in scope, the EU should ensure consistency with these future goals and accept that between one and two million Europeans still do not have access to this resource. The EU should enhance Member States' knowledge of the relevant data (on the homeless, the Roma and precarious housing) in order to remedy this situation.

4.13 While the Committee welcomes the Commission's commitment on water quality, transparent management and the establishment of more structured dialogue between stakeholders, it points out that its response does not address the questions raised by the ECI on the universality of this human right, i.e. that all citizens and residents must have access to a minimum subsistence amount of water regardless of their situation in residential, professional or other terms.

4.14 The European Commission states that the specific characteristics of water and sanitation services and their important role in satisfying the basic needs of the population have been consistently acknowledged in EU legislation.

The Committee feels that their role is vital and not merely important, and given that basic needs are indeed at stake, will push for these basic needs to be met in the framework of public services of non-economic general interest.

4.15 The EESC recommended that Member States and the EU institutions consolidate this policy, given that water is essential for human life: for people, industries, farming, and local authorities. It should be given central importance through all other EU policies, while linking in the related challenges regarding poverty, the fundamental rights of Europeans, public health, social integration and cohesion.

4.16 The EESC recommends:

- assessing the impact and cost of any water policy that does not integrate social, environmental and economic considerations;
- making the ongoing strategies consistent with the various regional interests in Member States;
- developing a sustainable approach to managing water resources, including new early warning instruments to respond to natural or anthropogenic disasters that endanger and damage water resources in the short term;

⁽⁴⁾ OJ C 44, 15.2.2013, pp. 147-152.

- seeking once again to have the Soil Directive adopted;
- focusing on more economical demand, to conserve and protect this resource; and
- integrating social dialogue and the social partners, which will contribute to the success of all tasks, in all their diversity, at all levels of water services and treatment.

4.17 The EESC also:

- advocates research into technologies for improving the health and safety of workers in the water and sanitation sectors;
- recommends harnessing the knowledge capital accumulated by certain NGOs;
- recommends expanding the list of pollutants (nanoelements and carcinogenic, mutagenic and reprotoxic chemicals) that must not be present in surface water or aquifers in the interests of public health, and to draft harmonised recommendations for the re-use of treated water; and
- welcomes the measures to protect ecosystems, and supports efforts to preserve natural aquifers.

4.18 Water and sanitation policy must be embedded in a sustainable development policy ensuring that this resource meets people's current needs and is preserved for future generations.

Brussels, 15 October 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

Opinion of the European Economic and Social Committee on the Role of civil society in the EU-Japan Free Trade Agreement

(own-initiative opinion)

(2015/C 012/06)

Rapporteur: **Laure Batut**

Co-rapporteur: **Eve Päärendson**

On 19 September 2013, the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on

The role of civil society in the EU-Japan free trade agreement

own-initiative opinion.

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 18 September 2014.

At its 502nd plenary session, held on 15 and 16 October 2014 (meeting of 15 October 2014), the European Economic and Social Committee adopted the following opinion by 133 votes to 1, with three abstentions.

1. Conclusions and recommendations

1.1 Conclusions

1.1.1 Together, the EU and Japan account for more than one third of world trade. A partnership with an ambitious, comprehensive and mutually beneficial Free Trade Agreement (FTA)/Economic Partnership Agreement (EPA) between the EU and Japan would boost mutual trade and investment, and could improve their economies, job opportunities, and help strengthen international rules and standards. Their citizens would welcome a fair distribution of the expected gains but are keeping a careful watch and do not want to see their respective standards diminished.

1.1.2 The EESC welcomes these FTA/EPA negotiations with Japan and especially the decision to continue them after the first year review. However, the Committee finds the lack of information and transparency regarding the current negotiations regrettable. Since promoting and protecting consumer interests is a vital means of securing widespread public support for the agreement, it calls for the establishment of consultation mechanisms similar to those used for the Transatlantic Trade and Investment Partnership (TTIP) negotiations, so as to ensure that civil society is better informed about the comparative advantages that opening up the market between the EU and Japan would offer to stakeholders. In this connection, the EESC encourages the two parties to improve transparency and the provision of information associated with the negotiations by setting up an official mechanism to keep civil society informed and then a consultation structure within the framework of the agreement. Furthermore the Committee points out that business on both sides has already the opportunity to profit from the EU-Japan Business Round Table as a platform for involvement and consultation.

1.2 Recommendations

1.2.1 The EESC insists on being kept fully informed about the revision of the 2012 impact study. It requests that it be notified as soon as possible of the timetable for implementation, in particular as far as the harmonisation of technical standards is concerned and believes that before any decision is taken a more precise document than the impact analysis should be published in all official EU languages.

1.2.2 The EESC urges the EU to do everything possible to ensure that:

- the values it upholds around the world are reflected in this agreement and that the environmental, social, health and cultural standards are preserved and that the benefits of the agreement are shared fairly among citizens, consumers, employees and businesses;
- the two parties are ambitious not only when it comes to reducing tariffs, but also when it comes to non-tariff barriers, while at the same time committing to aim high in regulatory consistency without lowering their standards and norms, or their employment levels, acting in a fully reciprocal way, and without weakening the EU's commitment to WTO multilateralism;
- both parties acknowledge the vital importance of advancing the interests and health of consumers;
- the precautionary principle is enshrined in the agreement and legal certainty is ensured for trade in agri-food products in terms of each side's geographical indications;
- a chapter is devoted to SMEs as they account for over 99 % of all firms in both the EU and Japan and are the main creators of new jobs — as a result of which SMEs would expect to become more competitive and anticipate fewer constraints. The aim is to improve mutual market access and keep them fully informed about the new business opportunities that should open up through this agreement;
- a strong and positive chapter on services, with sufficient guarantees, is included, building on existing EU agreements, as it presents a major opportunity in these negotiations;
- the specific nature of public services in the EU is preserved in line with the Treaty obligations;
- equality of access to public procurement markets wherever appropriate is guaranteed on both sides accompanied by legal certainty;
- the right of each party to regulate and set their priorities and policies is reaffirmed, as regards sustainable development, employment and the environment;
- to this end, an ambitious chapter on sustainable development is incorporated into the agreement ensuring a prominent position for civil society and covering at least:
- adherence to obligations stemming from both parties' membership of the ILO and the eight ILO fundamental conventions as minimum conditions;
- the commitment to promoting and putting in place environmental laws and initiatives;
- the commitment to managing and using natural resources sustainably in line with international agreements.

Given the highly sensitive nature of Investor-State Dispute Settlement (ISDS), and the diverging views of the different stakeholders, the EESC welcomes the public consultation exercise launched by the Commission in connection with the Transatlantic trade negotiations, and awaits the outcome with great interest ⁽¹⁾. The EESC considers, given the strength of Japanese democracy, that the gathering of stakeholder views on this topic on the Japanese side might inform and help to facilitate the negotiations.

1.2.3 Dialogue between the civil societies of Japan and the EU will make an important contribution to the FTA/EPA. The Committee recommends that a joint consultative body be set up in the framework of the EU-Japan EPA/FTA, as they have been established in other agreements concluded recently by the European Union, and that its role be discussed by representatives of the two civil societies during the negotiations. This body must have the option of examining any area of the agreement so that it can put forward its point of view. The Committee strongly recommends that at least half of the European members should be nominated by the EESC — the EU's consultative body responsible for representing the interests of European organised civil society.

1.2.3.1 The EESC has established excellent ties with organisations representing Japanese employees, employers, farmers, cooperatives, consumers, NGOs, NPOs and universities ⁽²⁾. With its Japan follow-up committee, it is at the forefront of promoting dialogue and consultation with civil society on both sides.

2. Setting the scene

2.1.1 The EU and Japan have decided to strengthen their ties by opening negotiations on a Free Trade Agreement/Economic Partnership Agreement (FTA/EPA). A Strategic Partnership Agreement (SPA) is being negotiated in parallel ⁽³⁾. The Committee welcomes the positive outcome of the first year review and the decision to continue the negotiations. If the assumptions made come true, EU exports to Japan would increase by 30 %, the EU's GDP by 0,8 % and 400 000 new jobs would be created in the EU. Japanese GDP would increase by 0,7 %, and its exports to Europe by 24 %, whilst the agreement would also underline the major trade and investment role played by the EU in East Asia ⁽⁴⁾.

2.1.2 The EU and Japan share many values and principles, including democracy, the rule of law, human rights, and market economics with high technological know-how. At the same time, they face similar challenges (e.g. aging and shrinking populations), and need to find new sources of growth and jobs.

2.1.3 The civil society bodies of the two regions and their respective consultation mechanisms are not readily interchangeable ⁽⁵⁾, but a growing dialogue between such bodies would be a very important adjunct to any agreement. The EU has made social and civil dialogue a cornerstone of its social model by providing it with an institutional framework and Japan recognises the importance of civil society in the broader sense (Labour Policy Council, Multi-Stakeholder Forum).

2.2 **In Japan as in the EU**, steps are being taken to boost the economy ⁽⁶⁾. At present, Japan's public debt remains close to 230 % of its GDP. The strength of the yen has put its imports at a disadvantage and following the triple disaster of Fukushima, retail trade fell by 2.3 % in one year (February 2013).

⁽¹⁾ EESC opinion, REX/390-EESC-2013-05469, Rapporteur J. Krawczyk, Co-rapporteur S. Boyle (4.6.2014).

⁽²⁾ Four EU Institutes (universities consortiums) are established in Japan with the financial support from the EC; in Japan, university teachers are considered to be civil society stakeholders (http://www.eeas.europa.eu/eu-centres/eu-centres_en.pdf).

⁽³⁾ The SPA covers political, global and sectoral cooperation (such as research, innovation, space, education, culture, energy, development cooperation, disaster management, etc.)

⁽⁴⁾ European Commission, Impact Assessment Report on EU-Japan Trade relations, Point 5.1.3 (July 2013).

⁽⁵⁾ OJ C 97/34, 28.4.2007, p. 34.

⁽⁶⁾ The 'three arrows' of prime minister Shinzō Abe form 'Abenomics': combination of measures across 3 key areas: monetary policy, fiscal stimulus and structural reforms to secure long-term, sustainable growth of Japan's economy and stimulate private-sector capital investment.

2.2.1 Bilateral free trade agreements are opening Japan up to world trade and have led to the creation of regional integration zones. Since 2002, Japan has concluded numerous bilateral agreements in both Asia and Latin America, and also with Switzerland. It is currently negotiating a trilateral agreement with China and the Republic of Korea. Japan is also part of the Trans-Pacific Partnership (TPP) negotiations.

2.2.2 Japan and the EU have already signed important agreements facilitating trade procedures in telecommunications, chemical and pharmaceutical products, anti-competitive activities, science and technology and administrative cooperation and assistance ⁽⁷⁾.

3. Trade and Sustainable Development

3.1 The quest for economic growth through globalised trade risks having environmental consequences ⁽⁸⁾. In its opinion on negotiating new trade agreements ⁽⁹⁾, the Committee emphasised the importance of including a chapter on trade and sustainable development in EU trade negotiations, incorporating environmental and social provisions together with a key monitoring role for civil society.

3.2 The EU-Japan FTA/EPA negotiations provide an opportunity to reiterate both parties' commitment, at international level, to work towards the three pillars of sustainable development: economic growth, social development and environmental protection. These elements have been central to all EU trade negotiations and every agreement since the FTA was signed with the Republic of Korea ⁽¹⁰⁾. Biodiversity, climate change, fisheries, forestry and wildlife are priorities for the EU and the world. The parties should reiterate their commitment to Multilateral Environmental Agreements (MEAs).

3.3 Any new agreement should reiterate the right of the EU Member States and Japan to regulate and to establish sustainable development priorities and encourage them to respect labour or environmental protection standards, in line with their commitments to international standards and agreements in these areas.

3.4 The FTA/EPA ⁽¹¹⁾ will provide an opportunity to reiterate this commitment (possible ratification and effective implementation of ILO conventions) ⁽¹²⁾ and to enhance bilateral dialogue and cooperation on labour-related issues, including in areas covered by the Decent Work Agenda.

3.4.1 The EESC, which represents European civil society as a whole, stresses the fact that it is possible that the benefit of any FTA/EPA may not be felt equally ⁽¹³⁾ by the various Member States or by different sectors ⁽¹⁴⁾.

3.4.2 While job increases (in % terms) are expected in the EU in the electrical machinery sector, in agriculture, forestry, fisheries, the processed food, insurance and construction sectors, a small reduction may be expected in chemicals, motor vehicles, metal and metal products and the air transport sectors ⁽¹⁵⁾. These difficulties must be identified at an early stage in order to implement appropriate support and retraining measures. It is important that benefits are spread evenly across business, employees, consumers and wider civil society, whilst guarding against any major disruptions and ensuring the possibility of compensation for this ⁽¹⁶⁾.

⁽⁷⁾ The agreements are as follows: the EU-Japan Mutual Recognition Agreement; the Agreement on Cooperation on Anti-competitive Activities; a Science and Technology Agreement and an Agreement on Cooperation and Mutual Administrative Assistance.

⁽⁸⁾ COM(2006) 567 final, http://europa.eu/legislation_summaries/external_trade/r11022_en.htm

⁽⁹⁾ OJ C 211, 19.8.2008, p. 82-89.

⁽¹⁰⁾ EU-Korea FTA (chapter 13): OJ L 127, 14.5.2011, pp. 62-65.

⁽¹¹⁾ See e.g. EU-Korea FTA Article 13.4.3 (OJ L 127 14.5.2011, pp. 62-65).

⁽¹²⁾ Conventions No 87 and No 98 on freedom of association and the right to collective bargaining; No 29 and No 105 on elimination of forced and compulsory labour; No 138 and No 182 on elimination of child labour, and No 100 and No 111 on non-discrimination with regard to employment and occupation.

⁽¹³⁾ Communication COM(2010) 343 final.

⁽¹⁴⁾ European Commission, *ibid.*, points 5.2.2, 5.3 and 5.6.2.

⁽¹⁵⁾ EC's Impact Assessment Report on EU-Japan Trade Relations (2012), page 49.

⁽¹⁶⁾ Such as the EGF — European Globalisation Adjustment Fund.

4. Consultation of civil society

4.1 *Information and transparency*

4.1.1 The EESC, which welcomes being a major partner of the Commission within the framework of its remit, finds regrettable the lack of transparency of current negotiations highlighted by stakeholders on both sides. The Commission's mandate has not been made public, whereas negotiations should be as open and transparent as possible. Numerous Japanese and European civil society organisations complain that they have received only scraps of information about the negotiations. This influences the content of the negotiations and the opportunities for civil society to make its voice heard on this matter. As we know, involvement of civil society would not only enhance our mutual understanding, but also improve the quality of the current FTA/EPA negotiations in terms of expert knowledge.

4.1.2 European citizens are calling for application of the EU's texts, which establish the principle of transparency. The EESC calls for the texts to be made available to the relevant stakeholders at the earliest opportunity.

4.1.3 Given the legitimate public demand in Europe for there to be full transparency in the trade negotiations, the EESC draws the attention of the Council and the Commission to the strict and consistent application of Article 218 TFEU and in particular paragraph 10 thereof: 'The European Parliament shall be immediately and fully informed at all stages of the procedure.'

4.1.4 The EESC recommends the EC to establish a civil society consultation model for the EU-Japan FTA/EPA negotiations similar to that for the EU-TTIP negotiations (session with stakeholders after every round of negotiations, creation of an advisory group of civil society representatives that should include EESC members). The Committee also understands that there is a similar mechanism for the transpacific negotiations involving the US and Japan.

4.2 *Consultation*

4.2.1 As stated above, all the FTAs concluded recently by the EU contain a chapter on trade and sustainable development ⁽¹⁷⁾ with a key monitoring role for civil society — independent and representative organisations with balanced representation from business, employees and other stakeholders. The EESC supports the Commission's efforts to also have such a chapter included in the agreement with Japan.

4.2.2 **The Japanese authorities** want to generate stable growth through sustainable development (see 'Abenomics' ⁽¹⁸⁾). The FTAs Japan has concluded with partners in Asia include provisions for the establishment of a subcommittee for monitoring the impact of the agreement on the business environment. Although the scope and modalities are different, the European Union and Japan are familiar with the principle of monitoring the impact of FTAs and the EESC would therefore encourage the inclusion of a strong Trade and Sustainable Development chapter.

4.2.3 The Japanese government has set up a number of internal, multilateral committees for consulting business on the impact of FTAs on the business environment, and consultation structures exist bringing together government and cooperatives, and government and trade unions. In addition other broad base consultation structures exist, such as the Multi-stakeholder Forum on Social Responsibility for Sustainable Future (MSF) ⁽¹⁹⁾ or Labour Policy Council.

4.3 The EU's economic and social model 'places (...) emphasis, for example, on solid institutional structures for the management of economic, employment, social and environmental issues (...), on strong social and civil dialogue and on investment in human capital and the quality of employment' ⁽²⁰⁾. The Committee notes that this model reflects the EU's values and that all its institutions must promote it throughout their policies.

⁽¹⁷⁾ TFEU Article 11, 21(2)(f).

⁽¹⁸⁾ 'Abenomics': three arrows to relaunch growth, see: <http://www.eu.emb-japan.go.jp>, <http://en.wikipedia.org/wiki/Abenomics>, and the article by Wolff and Joshii, *Japan and the EU in the global economy*, April 2014, on <http://bit.ly/1mLgY2r>

⁽¹⁹⁾ MFS: <http://sustainability.go.jp/forum/english/index.html>

⁽²⁰⁾ COM(2004) 383 final, 18 May 2004, *The Social Dimension of Globalisation*.

4.3.1 The Committee welcomes the EU's commitments at international level ⁽²¹⁾:

- to promote more effective participation of the social partners and other civil society representatives in global governance (WTO), policy development and monitoring of trade agreements implementation,
- to promote European values in the globalisation era ⁽²²⁾.

4.3.2 As regards the FTA with Japan, **the European Parliament has recommended that the Commission** focus on basic standards relating to labour law and provide for an ambitious chapter on sustainable development and a 'civil society forum that monitors and comments on its implementation'. The EESC insists on being consulted and would press for these recommendations to be implemented.

4.4 The EESC points out that the Commission itself published a guide to *Transparency in EU Trade negotiations*, which states that 'their work can only be a success if it meets the expectations of European citizens' and that 'the views of civil society play a crucial role in the preparatory phase of the negotiating process' ⁽²³⁾.

The EESC would very much like:

- the Commission to be able to recognise the role of the EESC and keep it in the loop in all aspects of the negotiating process;
- there to be regular dialogue between the Parliament, the Commission and the EESC throughout the negotiation process;
- that an inclusive role for civil society be maintained throughout the negotiating process;
- the Commission to provide for in the agreement:
 - a joint monitoring mechanism involving European and Japanese civil society, to be established in the implementation phase;
 - domestic advisory bodies providing opinions and recommendations to each of the parties and to the joint political authorities as well as to the joint authorities involved in the agreement, and authorised to receive requests from other stakeholders (especially on the sustainable development chapter) and to transmit them accompanied by their opinions and recommendations;
 - the possibility of requesting a consultation or dispute settlement procedure in the event of failing to meet the objectives of the sustainable development chapter;
 - a joint body bringing together civil society from the EU and Japan and providing a framework for a regular, structured dialogue and cooperation between them, as well as for exchanges with government representatives from the EU and Japan.

4.5 Nearly all of the representatives of European and Japanese civil society organisations consulted ⁽²⁴⁾ were in favour of establishing such a joint monitoring body under the future Free Trade Agreement.

⁽²¹⁾ Commission communication on decent work, May 2006, COM(2006) 249 final, points 2.3 and 3.5.

⁽²²⁾ Conclusions of the Council Presidency, 16 and 17 December 2004, point 53; and of 16 and 17 June 2005, point 31.

⁽²³⁾ European Commission, *Transparency in EU Trade negotiations* 2012; and also:
http://trade.ec.europa.eu/doclib/docs/2012/june/tradoc_149616.pdf

⁽²⁴⁾ During a hearing, held on 15 January 2014 at the EESC, and a subsequent mission to Japan, at the end of January 2014, a total of about 40 organisations, social partners and other stakeholders were consulted and shared their views, expectations and concerns regarding the future EU-Japan free trade agreement.

4.5.1 The monitoring mechanisms should be developed taking into consideration existing structures and respecting experience to date in the EU and Japan. The EESC wishes to be involved in determining the role, scope and composition of the EU advisory group and joint monitoring body. All stakeholders must be consulted and the EESC must be a key component in this process.

4.5.2 A structured dialogue between the representatives of civil society from the EU and Japan will add an important dimension to the FTA/EPA, including a cultural dimension. The EESC considers it to be of paramount importance that ties be maintained with its Japanese counterparts in order to ensure that the shape, scope and content of a future joint monitoring mechanism meets the expectations of both parties.

5. Key points

5.1 Negotiations

5.1.1 The Committee welcomes the fact that, in June 2014 ⁽²⁵⁾, the favourable progress report enabled the Council of the EU to continue the negotiations.

5.1.2 The agreement seeks to boost access to the market, ensure regulatory consistency, and therefore promote development of mutual trade and investment. It should accelerate sustainable growth, the creation of more and better jobs, enhance consumer options, and develop the competitiveness and productivity of both economies.

5.1.3 The priority for the European Union is to abolish non-tariff barriers (NTBs). In its *Impact Assessment* ⁽²⁶⁾ the Commission indicates that these barriers often have cultural origins and protectionist outcomes. The EESC notes that they are difficult to change when they are based on standards which are constantly changing, though set at the highest level. Sometimes they protect entire sectors, like the Japanese rail sector.

5.2 Trade in goods

5.2.1 The elimination of tariff barriers must cover all products, and not exclude agricultural and processed products, motor vehicles that have been recognised as 'sensitive' goods, or chemical and pharmaceutical products, with transitional periods as appropriate.

5.2.2 Trade would be promoted through the mutual recognition of certified products by virtue of them having similar and equivalent product standards and cooperation on harmonising rules and systems wherever possible. However, it will be vital to ensure that such cooperation to establish new world standards does not result in lowering of standards.

5.2.3 Non-tariff barriers (NTBs), which act as a brake on EU exports, are used as hidden protectionist measures. These must be reduced or eliminated, especially where already identified during the negotiations and standards must be realigned with international standards.

5.3 SMEs

5.3.1 Since SMEs make up 99 % of the economic fabric in both Japan and Europe and create 70-80 % of employment, the EESC calls on the Commission to pay particular attention to such businesses.

5.3.2 As SMEs have limited resources due to their size, including when dealing with government and trade regulations, they can be expected to gain from an EU-Japan FTA/EPA, and above all from streamlined regulations and reduced administrative costs. They, however, require assistance in order to overcome the obstacles related to any increased international involvement: language barriers, different business cultures, high transport costs, shortage of personnel with relevant skills, information about foreign markets and a lack of sufficient financial resources.

⁽²⁵⁾ European Council of 18 and 19 October 2012, point 2(k); EU Foreign Affairs (Trade) Council, 29 November 2012, mandate to negotiate the free-trade agreement with Japan given to the Commission; Council of 29 June 2014.

⁽²⁶⁾ European Commission, 2012, *Impact Assessment Report on EU-Japan trade relations*, http://trade.ec.europa.eu/doclib/docs/2012/july/tradoc_149809.pdf

5.3.3 In order to maximise the benefits of the EU-Japan FTA/EPA, it will be essential that both parties work to increase the awareness of SMEs as to existing support services and programmes⁽²⁷⁾ offered by the EU-Japan Centre for Industrial Cooperation⁽²⁸⁾ and JETRO⁽²⁹⁾, and particularly about the new business opportunities that should open with this agreement. For instance, European SMEs could be interested in Japan's ICT, health care⁽³⁰⁾, service, renewables, organic⁽³¹⁾ and gourmet food sectors.

5.4 Agri-food industry

5.4.1 Liberalising the market would guarantee new opportunities for the agri-food products of both partners (200 % increase), yet agriculture is one of the more contentious areas for negotiation. The Japanese agricultural sector can guarantee only 40 % food self-sufficiency and is particularly concerned. Japanese farmers are asking that five types of product be excluded from the tariff restrictions of any negotiations with foreign countries: rice; beef and pork; milk and dairy products; wheat and barley; and sugar and sweeteners. For the EU, the export of an enlarged amount of processed food products would be seen as a major opportunity, especially if many Japanese NTBs were to be removed.

5.4.2 The EESC would like the question of Intellectual Property Rights (IPRs)⁽³²⁾ to be covered, in order to protect European innovations fairly. The question of Protected Geographical Indications (PGI) is a difficult point in the discussions. The intellectual protection of high-quality agricultural production may form a veiled barrier to imports. In the framework of the WTO, the EU and Japan had already adopted a different approach: the EU wanted to broaden the scope of PGI to ensure a higher level of protection with a binding effect (TRIPs agreements — 1998 EU proposal) and Japan proposed together with the United States (1999), that members inform the WTO of their GI with a view to setting up a database as a source of information for the other members, without a binding effect. The EESC considers this to be an important issue which must be handled carefully in the negotiations.

5.5 Services

5.5.1 Japanese farmers and consumers are heavily involved in the cooperative movement, which provides mutual insurance and banking services. They view liberalisation of services as a threat, whereas for many others this represents a major opportunity, not least for the so-called 'silver economy'. Services offer a key opening for a significant increase in trade.

5.5.2 In terms of gross figures, in 2012 the EU 27 exported EUR 24,2 billion of services to Japan, while imports from Japan amounted to EUR 15,6 billion — a surplus of EUR 8,6 billion for the EU 27, bearing in mind of course that the Japanese population is four times smaller than that of the EU. Almost all Japanese organisations consulted and that mentioned liberalisation of services have been against the 'negative list', by virtue of which all services not specifically excluded by the text of the agreement would be subject to opening up to trade. Whereas farmers and consumers may be against the negative list, business is strongly in favour. For the public authorities, this negative list would reduce their scope for intervention. Future services would automatically come under the liberalised domain. The EESC supports the non-restrictive right of countries to regulate in the public interest.

5.6 Public procurement

5.6.1 It is important for EU companies to obtain access to Japanese government procurement by eliminating standard-based barriers, establishing transparent procedures and providing information which are identical for all stakeholders, ending very sensitive restrictions in the rail market, and creating a system for accessing information online. Beyond the declared political commitment, the actual negotiations require legal stability with regard to standards.

5.6.2 Reciprocity concerning fair competition will be indispensable. The Committee believes that the agreement should clarify in full the forms of authorisation practised by each party as regards State aid and subsidies.

⁽²⁷⁾ <http://www.eu-japan.eu/smes-support>; <http://www.jetro.go.jp/en/database>

⁽²⁸⁾ <http://www.eu-japan.eu/smes-support>

⁽²⁹⁾ <https://www.jetro.go.jp/en/database/>

⁽³⁰⁾ 38 % of Japan's population is expected to be 65 years or older in 2050.

⁽³¹⁾ Organic food represents only about 0.4 % of all food sold in Japan (EBC data).

⁽³²⁾ OJ C 68, 6.3.2012, p. 28.

5.6.3 The European Union, the Member States and Japan must be able to retain the possibility to finance objectives of general interest set according to their democratic procedures, which include among other things the social sector, the environment and public health. The EU has Treaty obligations associated with public services.

5.7 Investment ⁽³³⁾

5.7.1 In 2012, the EU 27's foreign direct investment (FDI) in Japan amounted to EUR 434 million, while Japan's FDI in the EU 27 amounted to EUR 3 374 million ⁽³⁴⁾. With the key principle of a FTA/EPA being reciprocity, if the agreement leads to job losses, the EESC calls on the Commission to be vigilant on this point, and to consider using the European Globalisation Fund to compensate these. Equally, the EESC feels that it may turn out to be necessary to provide appropriate compensation for losses suffered by companies, of human resources and of technology previously financed by public funds.

5.7.2 The EU and Japan should review their rules on ownership restrictions, on authorisations and controls and on facilitating investment.

5.7.3 The EESC notes that both the law and courts in Japan and EU allow for disputes to be resolved fairly under ordinary procedures; the EU Member States and Japan offer investors a full range of institutional and legal guarantees. Given the highly sensitive nature of investor-state dispute settlement and the diverging views of the different stakeholders, the EESC welcomes the public consultation exercise launched by the Commission in connection with the Transatlantic trade negotiations, and would also welcome it if a similar initiative were taken in Japan, in order to take into account the views of Japanese stakeholders.

5.7.4 The EESC suggests promoting a broad dialogue on dispute settlement once the terms have been laid down and the results evaluated by the Commission. Indeed, the Committee is already drafting its own opinion to this end.

5.7.4.1 In all cases, no dispute settlement provision concerning investment should be able to hinder the ability of EU Member States to regulate in the public interest and to pursue public policy objectives. The definitions of investment and 'fair and equitable treatment' need to be clear. This should be covered by the negotiations.

Brussels, 15 October 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

⁽³³⁾ The European Commission has had competence in investment since the entry into force of the Lisbon Treaty. It published a Communication entitled *Towards a comprehensive European international investment policy* to which the Committee responded with its own opinion ((OJ C 318, 29.10.2011, p. 150-154).

⁽³⁴⁾ Source: Eurostat 170/2013 — 18 November 2013.

**Opinion of the European Economic and Social Committee on the Situation of Ukrainian civil society
in the context of European aspirations of Ukraine**

(own-initiative opinion)

(2015/C 012/07)

Rapporteur: **Andrzej Adamczyk**

On 27 February 2014, the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on the

Situation of Ukrainian civil society in the context of European aspirations of Ukraine

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 18 September 2014.

At its 502nd plenary session, held on 15 and 16 October 2014 (meeting of 16 October 2014), the European Economic and Social Committee adopted the following opinion by 173 votes to 2 with 15 abstentions.

1. Conclusions and recommendations

1.1 The EESC should actively promote the political, social and economic consolidation of Ukraine, including a peaceful solution of the current conflict in the Donetsk and Lugansk regions. The EESC's activities in Ukraine will support the process of democratisation, territorial integrity, social and civil dialogue of all stakeholders with public legitimacy and representativeness.

1.2 It is the EESC's intention to invite a broad spectrum of Ukrainian civil society to take part in cooperation and to include also those who remain sceptical or hostile to recent political transition and rapprochement with the EU.

1.3 It is also recommended to further develop cooperation on a bilateral basis between partner organisations in the EU and Ukraine with a special focus on capacity building, best practices as well as strengthening social and civil dialogue.

1.4 Under the provisions of the Association Agreement, the EESC should contribute to the creation of a joint Civil Society Platform comprising members of the EESC and representatives of Ukrainian civil society. A similar body will be created under the provisions of the Deep and Comprehensive Free Trade Area (DCFTA) agreement so as to meet the requirement of setting up a monitoring mechanism for civil society. Both bodies should cooperate as closely as possible.

1.5 The EESC will develop information activities on the consequences of Ukraine's implementing the Association Agreement as well as on European integration, institutions and *acquis communautaire*.

1.6 Visa requirements should be lifted for Ukrainian citizens as soon as technically possible so as to foster contacts between people and as a confidence-building measure.

1.7 A European perspective for Ukraine should be formally included in the EU agenda.

2. Eastern Partnership: the eastern dimension of the European Neighbourhood policy as an institutional framework for Ukraine's European aspirations

2.1 The dramatic events which have rocked Ukraine in recent months began with the public reaction to the government's decision to suspend arrangements to sign an Association Agreement within the framework of the Eastern Partnership.

2.2 In addition to concluding bilateral Association Agreements, which will replace Partnership and Cooperation Agreements, the bilateral track of the Eastern Partnership also aims at achieving facilitation of visa free regimes as well as developing sectoral cooperation, including an opportunity for partner countries to join EU programmes and agencies. It also includes a Comprehensive Institution Building Programme, which is a tool intended to enhance the administrative capacities of partner countries to implement the reforms and provisions of the Association Agreements. The multilateral dimension of the Eastern Partnership is based on four multilateral platforms (Democracy, good governance and stability; Economic integration and convergence with EU policies; Energy security; Contacts between people) aimed at fostering cooperation between the EU and the partner countries, and between the partner countries themselves.

2.3 One of the Eastern Partnership's priorities is to involve organised civil society in its implementation, both in the partner countries and the EU. To this end, the Eastern Partnership Civil Society Forum was set up in November 2009 with the participation of the EESC.

2.4 However, the Eastern Partnership policy is now at a crossroads as a result of the unexpected change in direction of the engagement of some countries and the dramatic events in Ukraine. The difficulties faced by the Eastern Partnership over the past year in countries which until now have made the greatest progress towards signing Association Agreements are largely the result of manoeuvres by Russia, which is trying to prevent closer ties between partner countries and the EU.

2.4.1 Despite the conclusion of negotiations with Armenia on the Association Agreement including the DCFTA, these documents could not be initialled as a result of Armenia's announcement in September 2013 that it intended to join the Eurasian Customs Union initiated by Russia.

2.4.2 Despite Russian pressure and the loss of two of its provinces (Abkhazia and South Ossetia), which are currently under Russian control, Georgia remains committed to the European path and ensured that the Association Agreement including the DCFTA were initialled at the Eastern Partnership summit in Vilnius in November 2013 and then signed in June 2014.

2.4.3 Moldova, which also signed the Association Agreement initialled in Vilnius, is also under pressure from Russia, which has stationed its armed forces in Transnistria and is now in control of the region. Also with Russian support, an illegal referendum took place in another Moldovan autonomous territory of Gagauzia, with the outcome in favour of joining the Eurasian Customs Union.

2.4.4 Membership of the WTO is a precondition for entering into talks on the DCFTA, therefore Azerbaijan and Belarus, which are not WTO members, cannot start negotiations. Moreover, because of a serious democratic deficit in Belarus, the bilateral EU policy in relation to this country remains at the level of critical dialogue.

2.4.5 Ukraine is the biggest and most important post-Soviet state after Russia, which, as a result of switching to a pro-European path, has lost control over Crimea and Sevastopol following annexation by Russia, and has been subject to further acts of Russian sabotage and subversion. Russia's actions are a particularly dramatic example of external interference, which in addition to threatening Ukraine's territorial integrity and sovereignty are also having an extremely destructive impact on civil society and its organisations. These acts are not only a clear violation of international law, but go against two principles which are the cornerstone of peaceful relations between independent states, firstly, that borders must not be changed by force and, secondly, that nations may take sovereign decisions about their future without external interference.

3. Ukrainian civil society's European aspirations

3.1 The 2004 Orange Revolution contributed to a process of large-scale democratisation and the introduction of the rule of law in Ukraine — at least for a certain period — and to media freedom, which to this day remains intact. This was accompanied by closer ties with the EU.

3.1.1 In 2005, the EU-Ukraine Action Plan was adopted on the strength of the 1998 EU-Ukraine Partnership and Cooperation Agreement. In 2007, negotiations began on an Association Agreement. The adoption of the Eastern Partnership policy in May 2009 gave this cooperation fresh impetus.

3.1.2 Closer ties and the establishment of genuine cooperation in many areas as well as widespread enthusiasm following the Orange Revolution meant that a significant proportion of the population and many civil society organisations felt prospective EU membership for Ukraine was an obvious, foregone conclusion and that membership was dependent only on the timetable and pace of transformation and adaptation to European standards.

3.1.3 The Eastern Partnership did not bring the expected EU long-term accession perspective to Ukraine, which caused disappointment and frustration to the supporters of European orientation, made worse by the gradual abandonment of the democratic gains of the Orange Revolution, the deteriorating economic situation and growing social problems.

3.1.4 The public frustration, which translated into apathy among civil society organisations, became worse with the growing conflict between the leaders of the Orange Revolution, president Viktor Yushchenko and prime minister Yulia Tymoshenko. At times, this conflict paralysed decision-making on account of the unworkable provisions in the Ukrainian constitution. The cumulation of the global economic crisis and impotent policies of President Yanukovich (elected in 2010) even aggravated the situation.

3.2 The EESC has for a long time pursued an active policy of cooperation with Ukraine. However, the worsening political and social climate and the disappointment of partner organisations at the lack of accession prospects meant that relations stagnated to some extent in 2011-2012, with a lapse in activity on the Ukrainian side and lack of interest in relations.

3.3 After the Association Agreement had been initialled in December 2012 and intensive efforts had been made and negotiations conducted with a view to signing the Agreement at the Eastern Partnership summit in Vilnius in November 2013, there was renewed interest in cooperation among our Ukrainian partners and a revival of active ties with the EESC.

3.4 However, these renewed contacts showed that the social partners, both on the side of employers and trade unions, were divided over the issue of signing the Association Agreement. That said, a very broad range of NGOs and representatives of other interests presented a relatively united pro-European front.

3.5 Regardless of the position they adopted and the outcome of the negotiations with a view to signing the Association Agreement they predicted, civil society organisations and also governmental representatives were surprised by the fact that the Ukrainian government and presidential administration broke off talks and suspended preparations to sign the Agreement.

3.6 The fact that the talks were broken off unexpectedly, without any obvious reason, a few days before the summit in Vilnius, together with the Ukrainian government's surprising proposal for further negotiations with the EU to be conducted with Russian participation, led to the rapid mobilisation of Ukrainian civil society, expressing its views unambiguously in support of a European path for Ukraine.

3.7 'Euromaidan' was probably the biggest demonstration in history in support of European integration, and the longest ever to be conducted with such utter conviction. At a later stage the demonstrators were joined by forces introducing also political demands to change the regime which reacted by violent oppression leading to human victims. The demonstrations resulted in the political changes which served as a pretext to provoke further dramatic and tragic events.

3.8 Now, after successful presidential elections, it seems clear that building close ties with the EU is becoming one of the priorities of the new administration. This change of course must be perceived as an enormous success of Euromaidan and the Ukrainian civil society. It remains to be seen whether the general situation will stabilise over the entire territory of Ukraine and whether civil society organisations will benefit from this political transformation.

3.9 The attitude to and the opinion about political changes within civil society in the East of Ukraine will remain unclear as long as armed mercenaries and guerrilla groups operate in the region and the freedom of expression is under threat. However, it should be noted that the East was considerably represented at Euromaidan.

4. Consequences of signing the association agreement and the DCFTA

4.1 The EU-Ukraine Association Agreement represents a new generation of agreements created for the benefit of countries cooperating within the framework of the Eastern Partnership, and provides for the development of cooperation with binding provisions in almost all areas. The Association Agreement sets out a reform plan for Ukraine based on the comprehensive harmonisation of its legislation with EU standards.

4.2 Apart from the DCFTA, which is a trade agreement with a significant effect on standards and regulations, the main areas of cooperation cover justice, the rule of law, combating corruption and organised crime, external policy and security, public administration reform, employment, social policy, equal rights and opportunities, consumer protection, industrial policy and entrepreneurship, energy, transport and environment. Implementation of the Association Agreement with DCFTA means that Ukraine will have to harmonise its national legislation with around 85 per cent of the EU trade-related and economic *acquis communautaire*.

4.3 The Association Agreement was signed on 27 June 2014 and subsequently ratified by the European Parliament and Verkhovna Rada of Ukraine on 16 September which allows for its provisional implementation even before the ratification by all 28 EU Member States. However, the implementation of the DCFTA part of the Agreement will be delayed until the end of next year, but the EU will continue its relaxed trade rules on goods coming from Ukraine.

4.3.1 The implementation of the agreement provides for the creation of a Civil Society Platform as a joint forum for exchanging views, comprising members of the EESC and representatives of Ukrainian organised civil society. Given the broad spectrum of issues covered by the Association Agreement, the Platform should be as representative as possible of the whole of civil society and should thus include representatives of both the social partners and of various other interests.

4.3.2 Aside from being a forum for exchanging information and debate, the basic aim of the platform is to monitor the implementation of the Association Agreement and to put forward the views and proposals of organised civil society.

4.3.3 The Civil Society Platform will establish its rules of procedure itself. Talks are currently taking place between EESC representatives and the Ukrainian side on the procedure for setting up this body and its membership. Adoption of the following basic principles is envisaged:

- The number of representatives on the European and Ukrainian sides will be the same.
- Members will have a 2,5-year term of office. Five meetings are due to take place during this period.
- The platform has two co-chairs, one from each side, elected for a 2.5-year term.
- The procedure for selecting platform members must be completely transparent.
- The meetings of the platform must also be open to civil society organisations not represented on it.

4.3.4 The DCFTA agreement also provides for the creation of a monitoring mechanism for civil society within one year after its entry into force. A body created for this purpose should work together as closely as possible with the Civil Society Platform.

5. Future prospects for Ukrainian civil society and the EESC's role

5.1 The EESC should actively promote the political, social and economic consolidation of Ukraine including a peaceful solution of the current conflict in Donetsk and Lugansk regions. Once the situation in Ukraine has stabilised and the threat of external intervention and conflict stirred up by armed militias has been headed off, the situation of organised civil society both within individual organisations and vis-à-vis Ukraine's European aspirations will become clearer.

5.1.1 Ukraine is currently undergoing deep political transformation including constitutional reform, which may turn out to be deeper than the changes following the Orange Revolution. This may lead to restructuring and a change in the status of Ukrainian institutions and the practices both of social dialogue and of dialogue between the authorities and civil society. Such process should be facilitated by changes in Ukrainian legislation resulting in more inclusive institutions of social and civil dialogue for genuine and independent organisations. The EESC will follow the developments and positions that our partner organisations will adopt vis-à-vis these changes.

5.1.2 Both before the start of 'Euromaidan' and during the demonstrations, the authenticity and independence of some of our partner organisations were called into question. This started a process of change regarding the way some organisations operate, which, if it does not turn out to be a superficial exercise, may begin to restore public trust in these organisations. In particular, some trade unions and employer organisations were perceived by the public and NGOs as being part of the establishment and were denied the right to be affiliated with civil society.

5.1.3 The EESC is ready to intensify its bilateral contacts with partner organisations in both Ukraine and Russia in order to contribute to better links between their civil societies as a way towards normalisation of relations of both countries.

5.2 The EESC's activities in Ukraine will be based on the principle of support for the country's democratisation process, territorial integrity, civil and social dialogue among all stakeholders with public legitimacy and representativeness. The EESC will give priority to relations with its natural partners, i.e. Ukrainian civil society organisations.

5.3 It is the EESC's intention to invite as broad a spectrum as possible of Ukrainian civil society to take part in cooperation and to include also those who remain sceptical or hostile to recent political transition and rapprochement with the EU, ensuring that no important and representative organisation is overlooked. The National Platform of the Eastern Partnership Civil Society Forum and the National Tripartite Social and Economic Council will help select partner organisations.

5.4 It is also recommended to further develop cooperation on a bilateral basis between partner organisations in the EU and Ukraine with special focus on capacity building, exchange of best practices, as well as strengthening of social and civil dialogue. Cross-border cooperation may be used as one of the instruments to this end.

5.5 Apart from institutional activities based on the Association Agreement and, in the longer term, the DCFTA, the EESC will become involved in broader information activities on the consequences for Ukraine of implementing the agreements, as well as on European integration, the way in which the European institutions operate, and on the *acquis communautaire*.

5.6 Given the absence of reliable information or simply the disinformation sometimes propagated in the media, as a result of the lack of knowledge about the EU or intensive Russian propaganda, there is a need to plan regular cooperation with journalists and media associations.

5.7 Cooperation with partner organisations in Ukraine on the issue of facilitating access to reliable information and also providing such information to all civil society groups may turn out to be crucial for Ukraine's European aspirations. Indeed, experience shows that signing, ratifying and implementing an Association Agreement may become problematic and that there are many internal and external factors which could reverse the pro-European stance among civil society organisations if a general consensus, involving all social groups, is not achieved.

5.8 A significant proportion of Ukraine's population has never gone beyond its borders, and the destination country for those who do is mostly Russia. One of the reasons for this, as well as being a considerable nuisance for Ukrainian society, is the continued requirement for visas to visit EU countries. The introduction of streamlined visa application procedures is, of course, important, but the obligation to acquire a visa before travelling to the EU does not build trust and makes it much more difficult to foster contacts between people.

5.9 Euroscepticism and the lack of enthusiasm from some sections of Ukrainian society for closer ties with the EU stems from the absence of prospects for accession. At the present time, this is not a question of starting accession negotiations, but the fact that the matter persistently and repeatedly does not appear on the EU agenda means that the reforms based on the Association Agreement are perceived by part of society as an expensive whim leading Ukraine down a blind alley. This is especially the case of Eastern Ukraine where the EU is perceived as a threat to social and economic interests.

Brussels, 16 October 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

III

(Preparatory acts)

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

502ND PLENARY SESSION OF THE EESC ON 15 AND 16 OCTOBER 2014

Opinion of the European Economic and Social Committee on the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Report on Competition Policy 2013*(COM(2014) 249 final)**(2015/C 012/08)*Rapporteur: **Paulo Barros Vale**

On 1 October 2014, the Commission decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on the

Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Report on Competition Policy 2013

COM(2014) 249 final.

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 23 September 2014.

At its 502nd plenary session, held on 15 and 16 October 2014 (meeting of 15 October), the European Economic and Social Committee adopted the following opinion by 127 votes to 1, with 5 abstentions.

1. Conclusions and recommendations

1.1 As is its practice, the EESC is carrying out an annual assessment of the Commission report on Competition Policy, one of the European Union's fundamental policies. The EESC welcomes the content of the report and, broadly speaking, supports it, but wishes to state its concerns about the current situation.

1.2 Free and fair competition, which safeguards the interests of economic operators, consumers and the general public, warrants every effort that can be made. The Commission's contribution is essential and the EESC is pleased to note the efforts made to comply with internal rules and to continue international cooperation in this domain.

1.3 The performance of the national competition authorities (NCAs) is deemed essential to this ongoing work, and they should therefore be given the resources, both human and material, to enable them to act in a way that is efficient and proactive rather than reactive, as is becoming the norm. A greater emphasis on preventive work can avert various illegal and destructive market situations that affect in particular small and medium-sized enterprises (SMEs) and consumers.

1.4 The EESC nevertheless thinks that adoption of the proposal for a directive on certain aspects of actions for damages in antitrust matters was an excellent move. Its transposition and implementation will have to be pursued diligently in the Member States, although the Committee regrets the fact that the proposal in question has not been accompanied by a legal instrument which is equally binding in respect of a horizontal legal framework for collective redress in the event of collective rights and interests being violated.

1.5 In addition to regulation, a role should be given to self-regulation, and this practice should be encouraged in particular through agreements between organisations representing producers, traders and consumers, the best existing European examples of which can and should be followed.

1.6 Since, in the light of the Treaty, the harmonisation of tax policies is not an option, competition policy should will have to ensure that taxation in the EU results in as few distortions as possible.

1.7 The energy market should continue to receive special attention, since the single market has not yet been completed. Steps to strengthen the European network, which allows for cross-border trade, and to invest in renewables, which, as well as having clear environmental benefits, allows other producers to access the network, should be the focus for developing genuine competition in the sector, making it possible to lower charges for businesses and households alike.

1.8 Consumers' free access to all markets is essential. The Digital Agenda's goal of universal broadband availability has a key role to play in achieving this. Access to the digital market, where prices are often lower than in conventional markets, would facilitate access to certain goods for consumers who would otherwise be unable to purchase them.

1.9 International cooperation has been the focus of a wide range of work, which has yielded laudable results. Sight should not be lost, however, of all the work that still remains to be done. In addition to bilateral work, the work in the WTO and the ILO should be continued. Europe continues to suffer as a result of unfair competition, both within its borders and beyond, from public and private enterprises based in countries where it is common practice to grant illegal state aid (especially in the energy industry), where environmental laws are more relaxed and where the same labour laws are not respected (often in clear violation of fundamental human rights).

2. Gist of the 2013 report

2.1 There were some signs of economic recovery in Europe in 2013. European policy measures continued to target increased confidence and competitiveness in order to encourage smart, sustainable and inclusive growth — a feature of the Europa 2020 strategy.

2.2 The 2013 Competition Policy Report makes reference to a European Parliament study on competition policy, which clearly demonstrates the importance the policy has for this objective: '*... competition policy, which intensifies competition, will stimulate growth*'.

2.3 The report has been divided into eight parts, with the following headings: 'Promoting competitiveness by fighting against cartels'; 'Ensuring effective antitrust enforcement and merger control in the interest of businesses and consumers'; 'State aid modernization to steer public resources towards competitiveness-enhancing objectives'; 'Fostering a fair and stable financial sector to support the real economy'; 'Energy: the sector where "more Europe" is most needed'; 'Competition enforcement in the digital economy to underpin the digital agenda for Europe'; 'International cooperation in competition policy to tackle the challenges of globalization'; and 'Competition dialogue with the other institutions'.

3. General comments

3.1 Without doubt it is SMEs which provide the backbone of Europe's economic recovery. Because of their size, they are also the most vulnerable to practices involving the abuse of dominant market positions, which in many cases means they are doomed to disappear. Abuse of dominant market position should warrant particular focus in competition policy, particularly when perpetrated by major retail groups who, little by little, have been wiping out small suppliers and small businesses, ultimately to the detriment of consumer interests. The directive on actions for damages based on the infringement of TFEU Articles 101 and 102 is to be welcomed and the Committee deems it to be most important; the prevention of such infringements has thus taken on even greater importance and requires careful thought so as to ensure preventive action is effective.

3.2 The EESC calls for the work of NCAs to be more proactive than in most cases to date, where they have intervened only in response to complaints from operators or consumers. Some negotiations — which should rather be called 'impositions' — could be monitored, and this might help prevent certain abuse of dominant positions. A prerequisite for achieving the progress that is needed is a considerable improvement in the exchange of information within the production chain.

3.3 Sectors strongly influenced by fluctuations in raw material prices also warrant particular attention from NCAs, since often an increase in the price of raw materials (or even just the threat thereof) is almost immediately reflected in the end price, whilst a reduction in raw material prices is not.

3.4 The EESC would draw attention to the need for competition policy to deal with public procurement problems; in most cases this remains a somewhat closed market. In fact, public procurement is still a fragmented market which only some parties manage to enter, despite current work on 'straight-through' e-Procurement. Poor competition is damaging public interest — the lack of alternatives does not allow public bodies any leeway, meaning that the same tenderers are selected time and again, sometimes meaning that overly cosy relationships develop between those firms and the political authorities.

3.5 However, it should also be borne in mind that firms operating in island and outlying regions are particularly vulnerable to competition, for the transport costs they incur in order to gain access to other markets hinders them when they compete with other operators. Here efforts could be made to find mechanisms to facilitate these firms' access to central markets, thus promoting healthy competition throughout the EU.

3.6 Moreover, of key importance is the competition facing European firms — both within Europe and on other markets — from firms (both public and private) in non-Member States, protected by illegal state aid that gives them competitive advantages, advantageous environmental standards and lax labour legislation which often jeopardises fundamental human rights and the rights of citizens and consumers. Continuity of international cooperation efforts, within and outside the WTO and the ILO, should remain a priority in diplomacy to counter these inequalities, dealing with the problem of competition and going further in the defence of human rights.

4. Promoting competitiveness by combating cartels and through antitrust legislation

4.1 Steps to combat cartels are particularly important in competition policy activities. The EESC therefore welcomes the efforts the Commission has been making to counter this practice, which affects the whole economy. Policy activities relating to financial markets, and most particularly to the raw materials and intermediate goods market, where price fluctuations not only affect the single market but also Europe's competitive capacity worldwide, are vital for growth at a time when it is essential to gain access to new markets. Worth highlighting are three cases where firms forming part of cartels have been identified and fines imposed: one in market for the supply of wire harnesses, one in the financial derivatives markets and one in the shrimp market. In addition, a Statement of Objections has been sent to a number of suppliers of smart-card chips.

4.2 The EESC has been endorsing the work on antitrust legislation, which it deems to be vital to competition policy. It reiterates its support for the Commission's work here, which has helped discourage artificial fragmentation of the single market and it welcomes the completion of the antitrust proceedings on standardisation of payments made over the internet; it is also pleased to see the Statement of Objections directed at banks for coordinated conduct hindering stock exchanges from accessing the credit default swaps (CDS) market and, most particularly, the conclusion of the enquiry on antitrust proceedings relating to the Libor, Euribor and Tibor benchmark rates, which have improved market security.

4.3 The year 2013 was hallmarked by the adoption of a proposal for a directive on actions for damages in antitrust matters. The EESC expressed its support for this proposal, which counters the disparities between national laws and the unequal treatment of victims and offenders and provides legal protection for consumers — a recurring concern voiced in EESC opinions.

4.4 Being in favour of standardisation, the EESC nevertheless highlighted the fact that the directive might be too soft on offending firms which benefit from leniency programmes, notwithstanding the recognised value of this instrument in detecting secret cartels. It also recommended that the proposed directive and the recommendation on collective redress be more closely aligned, expressing regret at the fact that ‘the introduction of a class action in competition matters, which should have been an effective mechanism for consumers, has been left out[,] but included in a recommendation — which is not binding — encouraging Member States to establish collective redress mechanisms’⁽¹⁾.

4.5 The EESC welcomes the continuing coordination between the Commission, national competition authorities and the European Competition Network. It also calls for the exchange of relevant information between the different bodies concerned to be given a more decisive role. It would nonetheless point out its concern about the difficulty some national competition authorities have in properly regulating certain sectors, where collusive behaviour and/or abusive practices go completely unpunished.

4.6 Competition policy should tie in with the work of other DGs so as to effectively combat concerted action and the abuse of dominant market positions which flout social, environmental and product safety standards and make it exceedingly difficult for new operators to enter the market, placing them at a clear disadvantage.

5. Modernising state aid

5.1 The EESC welcomes the process of modernising state aid, coordinating it with the flagship initiatives of the Europa 2020 strategy. It is essential to use state aid properly: state aid which supports cohesion policy and targets those sectors which contribute to Europe’s development. Scarce public resources must be deployed in accordance with the objectives outlined in the Europa 2020 strategy, allowing less-developed regions to catch up on more developed ones, investing in priority sectors, boosting the economy and employment, and facilitating funding for SMEs.

5.2 Steps to modernise state aid should not, however, leave out help relating to public services, which meet social needs such as health, education and training, access to the labour market and back-to-work schemes, care facilities for children and the elderly, and support for vulnerable groups to help them become reintegrated into society. Such needs must be viewed from a broader perspective than just an economic one. Rather, the specific nature of public service sectors should be considered: despite the importance of allocating ever-scarcer resources efficiently, service quality should take precedence.

5.3 Against a backdrop of substantial mobility, the case should be considered for giving people freedom of choice of health service providers, looking into possibilities which, without jeopardising service quality and protection for the most deprived groups, might prevent users being subject to the discretionary powers of either the State or insurance companies. This issue is so important that it should be made the subject of an own-initiative opinion, so that it can be dealt with in greater depth.

5.4 The EESC has already spoken out in favour of modernising the EU’s policy on state aid. In particular it supports the new guidelines on aid in relation to CO₂ emissions trading scheme arrangements, which preclude the relocation of industry to countries where legislation is more lenient. It does, however, regret the failure to uphold the recommendation to increase the *de minimis* aid ceiling to EUR 500 000 instead of the current EUR 200 000, along the lines of what happened with services of general economic interest (SGEIs)⁽²⁾.

⁽¹⁾ OJ C 67, 6.3.2014, p. 83.

⁽²⁾ OJ C 67, 6.3.2014, p. 74.

6. Competition at sectoral level

6.1 *Fairness and stability in the financial sector*

6.1.1 The difficulties that the financial sector has been encountering are well known, as is their impact on financing the real economy and on confidence in the financial markets. Various efforts have been made to restore confidence and boost transparency, reducing systemic risks. Temporary state aid for the financial sector saved it from collapsing, but new scandals buffeting an already very shaky balance seem to hit the headlines whenever signs of recovery appear. For this reason it is essential that the authorities supervising the sector continue to impose strict controls so as to prevent irresponsible conduct on the part of financial institutions, whether or not they have received bail-outs.

6.1.2 Despite the fragile nature of the sector, steps should be taken to ensure that current investigations into illegal practices continue, although they are not having much effect on the financial titans who persist with behaviour which is damaging to the market.

6.1.3 Worth highlighting here is the proposed regulation on interchange fees for card-based payments, requested for quite some time, which will restore fairness in the European area by harmonising the costs incurred when paying with cards.

6.2 *The energy sector*

6.2.1 The single market in energy still has some way to go before being completed. Energy prices remain high, weighing heavily on firms' and households' budgets. Market liberalisation has not yet succeeded in enhancing competition and transparency, and Europe continues to suffer from the disadvantages of high energy prices compared to its competitors worldwide. Even cross-border energy supply warrants particular attention in order to safeguard the free internal market.

6.2.2 Advantage should be taken of the current consensus on the need for a common energy policy, investment in infrastructure, increased energy efficiency and the use of renewable energy sources in order to further development in the energy sector. Renewable energies are not in fact able to compete on a level playing field with fossil fuels and nuclear energy, which are still subsidised directly by public budgets and indirectly because environmental costs and the impact of the use of such fuels on health are not internalised. Renewables are still at quite an early stage of development and should be given greater support to enable them to compete, in a fair market.

6.2.3 Furthermore, renewables should not only be seen as a new source of energy. Their development opens up new opportunities for establishing a decentralised energy production model in which individuals and local communities can be both producers and consumers at the same time. This new model should be supported through the establishment of an appropriate regulatory framework that ensures easy access to the network for small electricity producers⁽³⁾.

6.2.4 European energy connections are deemed to be essential from the viewpoint of competition policy. The effects of Europe's energy vulnerability have been making themselves felt with the recent Ukraine conflict, which could jeopardise gas supplies to central Europe. Linking up existing energy networks in the Iberian Peninsula to the countries of central Europe would not only bring the Iberian market closer to the rest of Europe, but would also avert problems flowing from interruptions in supplies from Russia.

6.2.5 Reform of European energy policy is essential, all the more so at a time when trade agreements are being drawn up with the United States of America, where energy costs are manifestly lower, placing European firms at a disadvantage from the outset.

6.3 *The Digital Economy*

6.3.1 This sector is particularly vulnerable to illegal competition practices, since high-tech companies, undergoing constant, rapid innovation, may not be able to wait the time it normally takes for decisions to be made, and therefore may go under.

⁽³⁾ OJ C 226, 16.7.2014, p. 1.

6.3.2 The EESC would reiterate its support for the state aid guidelines on the broadband network, since they serve the goals of the Digital Agenda.

6.3.3 The single market in telecommunications has still not been completed. Despite the fact that charges have come down somewhat, they remain high, to the detriment of firms and households. The gradual fall in roaming charges, which will culminate in their abolition at the end of 2015, is to be lauded; focus should now be placed on a real reduction in remaining charges and steps to make high quality broadband available to everyone. The EESC would reiterate that it firmly believes that by setting up a single regulator in this domain, the EU could make a contribution to achieving these objectives.

6.3.4 Particular attention should be paid to universal broadband availability, since not all households have access to it yet, especially those of low-income families. This shortcoming prevents many people from accessing the digital market, who are as a consequence unable to access markets where prices are often favourable.

6.3.5 The EESC supports work being done on standard essential patents (SEPs), which is helping to combat the abuse of dominant market positions.

7. International cooperation

7.1 The EESC is pleased to note that negotiations have started up with the United States on a Transatlantic Trade and Investment Partnership (TTIP) agreement, and with Japan on a free trade agreement. It also welcomes the establishment of high-level dialogue with representatives of some third-country competition authorities. Likewise important is the signature of a cooperation agreement with Switzerland allowing the exchange of information between cooperation authorities, which could facilitate some current and future investigation processes.

7.2 Unfair competition from non-Member States where the most basic social and environmental rules, principles and rights are not respected puts fair foreign trade at risk. International competition should be developed at the highest level and within the framework of the WTO and the ILO so as to guarantee not only human rights, but also fair competition practices.

7.3 There is no doubt that globalisation is here to stay and exports are essential for Europe's growth. It is important to standardise practices so that the EU can compete on an equal footing in markets where state aid is still doled out illegally and where labour legislation remains poor.

8. Inter-institutional dialogue

8.1 Notwithstanding the fact that the Commission has full competence in matters pertaining to competition policy, DG Competition and its commissioner continue to engage in close consultation with the European Parliament. Both the EESC and the CoR have been kept informed about the work of DG Competition, with officials attending section and study group meetings.

8.2 The EESC welcomes the continuation of its cooperation with the Commission, but nevertheless notes that this could be improved, by developing closer relations between the institutions through more permanent work involving a monitoring group created by the EESC to prepare the final report, which would enable the Committee to react more swiftly to the Commission's work.

Brussels, 15 October 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

Opinion of the European Economic and Social Committee on the Proposal for a Directive of the European Parliament and of the Council on the dissemination of Earth observation satellite data for commercial purposes

COM(2014) 344 final — 2014/0176 (COD)

(2015/C 012/09)

Rapporteur: **Mr McDonogh**

On 17 July 2014 and 18 July 2014 respectively, the European Parliament and the Council of the European Union decided to consult the European Economic and Social Committee, under Article 114(1) of the Treaty on the Functioning of the European Union, on the

Proposal for a Directive of the European Parliament and of the Council on the dissemination of Earth observation satellite data for commercial purposes

COM(2014) 344 — 2014/0176 (COD).

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 23 September 2014.

At its 502nd plenary session, held on 15 and 16 October 2014 (meeting of 15 October), the European Economic and Social Committee adopted the following opinion by 151 votes to one with four abstentions.

1. Conclusions and recommendations

1.1 The subject of this proposed Directive is of critical importance to the European Union. The future of world affairs and the well-being of Europe's citizens will be substantially determined by control and exploitation of the data about the world we live in. Today that data is being created and controlled to a great extent by the United States and other countries outside the EU. It is vital that Europe leverages its space programme and the production and dissemination of earth observation data so that the EU can move from being a laggard to a leader in this enormously important industry.

1.2 The Committee strongly supports the putting in place of a clear regulatory framework to facilitate the development of the space industry in Europe and the exploitation of earth observation data to support sustainable growth and the well-being of European citizens. Therefore, we welcome the communication from the Commission on the proposed Directive on the dissemination of Earth observation satellite data for commercial purposes.

1.3 The Committee also welcomes this proposal in the broader context of European Space Policy, which is vitally important to the future prosperity and security of the EU and in achieving the vision of smart, sustainable and inclusive growth envisioned by the Europe 2020 strategy ⁽¹⁾.

1.4 Furthermore, the Committee agrees with the Commission that a Directive is necessary to establish a transparent, fair and consistent legal framework to secure the proper functioning and development of the internal market for space products and services, especially to create a common framework for the distribution of high resolution satellite data (HRSD).

⁽¹⁾ Europe 2020 — A strategy for smart, sustainable and inclusive growth, COM(2010) 2020.

1.5 The Committee is satisfied with the provisions of the Directive, which aim to create a European Union standard for the commercial proliferation of HRSD.

1.6 However, the EESC believes that development of a commercial space industry in Europe has been too slow and that more jobs and prosperity based on space technology and data could have been created sooner. The Committee calls on the Commission to accelerate the development of policies and a space legislative framework to promote the security, safety, sustainability and economic development of the space sector and to ensure the proper functioning of the internal market for space products and services.

1.7 The Committee feels strongly that policy must better support SMEs across the 28 Member States of the Union that are trying to compete and grow in the market for earth observation data. In particular, the Committee would like to see policies aimed at removing unreasonable barriers in the internal market relating to minimum financial scale which particularly impact SMEs adversely.

1.8 The EESC would like to see proposals for a European space procurement policy to support the development of the commercial space sector, which is highly dependent on institutional procurement.

1.9 The Committee would also like to see policies that promote the education of more engineers, ICT professionals and business graduates for the space industry, especially in the rapidly growing markets for data providers, data-resellers, value-adding service providers and geo-information service providers.

1.10 The Committee recognises that security is vitally important to the citizens of the Union. However, the EESC believes that, notwithstanding the provisions of the proposed Directive, a more comprehensive European common security policy would help deal inter alia with the overly restrictive control of high resolution satellite data (HRSD) by a few Member States.

1.11 The EESC also calls on the Council to work in harmony on the development and promotion of a European space policy which would advance peace, security and economic growth based on an open and collaborative approach to the development and exploitation of space technology and the data it creates.

1.12 The Committee directs the Commission's attention to the previous opinions of the EESC on space policy ⁽²⁾.

2. Proposed Directive

2.1 The proposed Directive deals with the dissemination of Earth observation satellite data within the Union for commercial purposes. It deals in particular with defining and controlling HRSD as a distinct category of data requiring a differentiated regulatory regime when it is disseminated for commercial purposes.

2.2 HRSD is used in the provision of geospatial products and services, for which there is a growing market. HRSD has become indispensable for environmental monitoring, urban planning, natural resources management as well as disaster and emergency management.

2.3 But HRSD is also important for the security and defence of Member States and therefore the production and dissemination of HRSD by commercial operators is subject to regulation by the States where the operators are registered. Therefore, today there is no common approach on the national regulatory level for the treatment of HRSD and for services and products deriving from this data. This leads to a fragmented regulatory framework across Europe, characterised by a lack of coherence, transparency and predictability, which therefore hinders the market from developing to its full potential.

⁽²⁾ OJ C 67, 6.3.2014, p. 88; OJ C 327, 12.11.2013, p. 38; OJ C 341, 21.11.2013, p. 29; OJ C 299, 4.10.2012, p. 72; OJ C 43, 15.2.2012, p. 20; OJ C 44, 11.2.2011, p. 44; OJ C 339, 14.12.2010, p. 14; OJ C 162, 25.6.2008, p. 24.

2.4 The proposed Directive seeks to ensure the proper functioning of the internal market for HRSD products and services by creating a coherent legal framework for HRSD distribution and a good and sufficient level of information on accessibility of HRSD for commercial purposes, and to facilitate competition at data provider level by creating a transparent, predictable and fair legal framework across Member States and by ensuring the free circulation of data throughout the EU.

2.5 It is intended that implementation of the proposed Directive will have positive economic impacts due to higher levels of transparency, legal certainty and business predictability concerning the dissemination of space data. Beneficial effects are foreseen for the establishment and growth of businesses, for sales of earth observation data and for international competitiveness. Besides direct job growth in the data reseller/value-adding-service businesses and data-providing businesses, additional job growth at other levels of the value chain is probable (i.e. HRSD user businesses, satellite manufacturers and operators), as a result of higher quality services and more competitive prices. Additional indirect job growth is also expected, because the creation of one new job in the space industry leads to up to five new jobs in other sectors.

2.6 The main provisions of the proposed Directive are:

- a) a clear definition of HRSD based on the technical parameters essential to the production of such data;
- b) a specification of the process to be followed by Member States for screening and approving the release of HRSD for commercial purposes;
- c) the reporting regime to be followed by Member States so that the Commission may carry out sufficient oversight of the functioning of the Directive.

2.7 Member States will have to transpose the Directive into national law by 31 December 2017.

3. General comments

3.1 The development of space technology, products and services is critically important to the future of Europe. As previously stated by the Committee: 'The importance of space in increasing knowledge, prosperity, economic power and innovativeness cannot be over-estimated' ⁽³⁾. The economic, social and environmental benefits of a thriving market for European space applications would be very substantial.

3.2 Europe is uniquely able to develop and promote a space policy which would advance peace, security and economic growth based on an open and collaborative approach to the development and exploitation of space technology and the data it creates.

3.3 While recognising that security is vitally important to the Union, the EESC believes that, notwithstanding the provisions of the proposed directive, a more comprehensive European common security policy would help deal inter alia with the overly restrictive control of high resolution satellite data (HRSD) by a few Member States.

3.4 Europe needs a vibrant commercial space industry in all sectors of the value chain ⁽⁴⁾ to maintain its independent access to space technology and Earth observation satellite data, and to develop a strong independent space industry.

3.5 The EU has been too slow in developing the policies and legal frameworks to ensure the proper functioning of the internal market for space products and services and to nurture a vibrant industry in the creation and exploitation of space data. The slow development of business around space downstream applications in Europe means that innovation, wealth creation and global market position in various space sectors are being lost to the US, Russia, China and others.

⁽³⁾ CCMI/115 — CES2861-2013, pt. 3.1.

⁽⁴⁾ The value chain includes satellite operators, data providers, data-resellers (selling HRSD from EU and non-EU satellite operators and data providers), value-adding service providers, geo-information service providers, research institutes, governments and customers.

3.6 Europe needs a pro-active commercial strategy for the development of its space technology, products and services in a rapidly growing global market. This strategy needs to be agreed and coordinated at the European level to ensure that internal barriers to development are removed.

3.7 The commercial strategy must include a coherent and stable regulatory framework, a strong industrial base with a substantial base of SME firms, competitiveness and cost-efficiency, markets for application and services, and technological independent access to space, space technology, products and services. These requirements are explicitly endorsed in the EU Space Industrial Policy ⁽⁵⁾.

3.8 To ensure that there is a strong commercial European space industry, the EU needs to foster a critical mass of European enterprises, from SMEs to large global organisations, active in the development and exploitation of products and services based on satellite data.

3.9 Policies are also needed that promote the education of more engineers, ICT professionals and business graduates for the space industry, especially in the rapidly growing markets for data providers, data-resellers, value-adding service providers and geo-information service providers.

3.10 The development of the commercial space sector is highly dependent on institutional procurement. Industry would benefit from legislation that would put in place a space procurement policy, overseen at the EU level.

4. Specific comments

4.1 The Committee recognises that security policy is vitally important to the citizens of the Union. However, overly restrictive control of high resolution satellite data (HRSD) by a few Member States is greatly inhibiting the development of the European commercial market in earth observation data and allowing non-EU competitors to take advantage of this situation.

4.2 There is a lack of good information on the size and activity of the industry in Europe involved in the development of satellite data applications and services. A study should be carried-out into the various parts of the value chain involved in the development of downstream space applications. Good data on the potential for job growth and wealth creation in the various sectors would stimulate the market and provide more policy support.

4.3 The EU market for high resolution satellite data (HRSD) is underdeveloped compared to the US, where a single market exists. The strong position of US earth observation industries is based on technically advanced satellite systems, a clear regulatory framework and a large public demand for commercial HRSD and services. In addition, US competitors benefit from the very effective synergies between the civilian and the military/defence sector in terms of R&D. In addition to the strong competition from the US, there are serious competitors in India, China, Canada, Korea and Taiwan bringing HRSD to the European market via data resellers.

Brussels, 15 October 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

⁽⁵⁾ COM(2013) 108 final.

Opinion of the European Economic and Social Committee on the Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions concerning the governance of macro-regional strategies

(COM(2014) 284 final)

(2015/C 012/10)

Rapporteur: **Mr Baráth**

On 20 May 2014 the Commission decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on the

Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions concerning the governance of macro-regional strategies

COM(2014) 284 final.

The Section for Economic and Monetary Union and Economic and Social Cohesion, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 25 September 2014.

At its 502nd plenary session, held on 15 and 16 October 2014 (meeting of 15 October), the European Economic and Social Committee adopted the following opinion by 148 votes with 4 abstentions.

1. Opinion and recommendations

1.1 The Report drawn up on the basis of the General Affairs Council's position on strengthening governance of macro-regional strategies is timely, and gives some important guidance for improving the framing of such strategies and governance of their implementation.

1.2 The EESC considers that macro-regional policy should become a fully-fledged EU policy.

1.3 In view of the nature of the objectives, it is disappointing that in the report the concept of 'governance' in relation to macro-regional strategies is confined to political, institutional and administrative/organisational cooperation.

1.4 The 'partners' are only given a very subordinate role in the Commission's report. Economic and social stakeholders are not mentioned, while civil society players are only included as the recipients of information.

1.5 The EESC believes that a new model of governance should be developed, with the involvement of economic and social partners.

1.6 It should be noted that despite European-level cooperation with the EESC, which has been asked to draw up an opinion, at the intermediate macro-regional or regional levels there is no question of partnership either in relation to framing strategies or decision-making.

1.7 This is a particularly serious problem when it comes to implementation, the main beneficiaries of which should be economic and civil society stakeholders. To a large extent, effective and efficient implementation is contingent on prior involvement of partners, who should be properly informed and express their agreement, with their experience being used as input in the strategy framing process. It is legitimate to expect 'European added value', and from this perspective the proposed new model seems promising.

1.8 The EESC notes that macro-regional experiments under the Atlantic and Mediterranean strategies clearly illustrate the potential offered by cooperation with partners.

1.9 The EESC feels that the 'High-Level Group', made up of representatives of the EU's 28 Member States, is an excellent opportunity to compensate for the EU's overly concentrated and administrative governance, complementing it with a policymaking body in line with the often neglected idea of subsidiarity and with consistent application of the partnership principle.

1.10 It would make a big difference if development policy at macro-regional level became an integral part of pan-European policies. For this to happen, European-level evaluation is needed of 'existing' macro-regional links which work well from territorial and sectoral perspectives.

1.11 The EESC recommends taking stock of macro-regional challenges and opportunities, which through their promotion and use could help to foster development initiatives along the lines of 'Connecting Europe', thus strengthening European integration.

1.12 The EESC agrees that it is important to concentrate resources and to ensure effectiveness and efficiency. However, it points out that the analysis does not address issues relating to how the implementation of the strategies and action plans can be measured, nor does it discuss the quantitative and qualitative indicators which are essential in calculating investment returns and thus demonstrating added value. One of the tasks of the 'technical points' could be to set up a uniform monitoring system and prepare *ex-ante* and *ex-post* evaluations.

1.13 The EESC feels that bodies with composite membership at various levels, together with specific forums, could considerably help to strengthen the European identity of civil society, and of economic, social and political players. This could significantly contribute to further development of a European model, deliberately based in part on a 'bottom-up' approach.

1.14 A more precise definition in legal and institutional terms is needed of 'governance' in relation to the framing and implementation of macro-regional strategies.

1.15 For the EESC, the 'three no's' no longer apply: there is funding from the 2014-2020 medium term financial framework, an administrative institutional system is being developed to assist with implementation, and necessary rules are set out in the common strategic framework.

1.16 It is important to allow for various organisational options. At the same time, in order to achieve better coordination and ensure a critical mass for specific initiatives, additional resources are needed to act as catalysts, enabling synergies between the intentions and resources of national, regional and local players.

2. Introduction

2.1 In its analysis, the Commission argues that the two macro-regional strategies adopted to date, the Baltic and Danube strategies, which are already showing results, are meeting expectations of added value 'on the ground'. Significant joint decisions have been taken, and previously unused resources have been deployed, for example in the fields of environmental protection, shipping, flood protection, and maintaining water quality.

2.2 The two recently launched macro-regional cooperation initiatives can draw on previous experiences. Significant imbalances have been identified in the Adriatic-Ionian and Alpine regions in terms of urban structures, as well as of economic and social development. The analysis also discusses how experiences from the Atlantic coastal regions can be used.

2.3 The EESC feels that good governance adapted to specific tasks is crucial when framing and implementing macro-regional strategies.

2.4 The Commission's analysis emphasises three areas relating to governance which are crucial for success:

- political leadership (strategic direction and governance structure), ownership, the importance of identifying with strategies, communication and accountability,
- coordination as a means of implementing strategies,
- management of the implementation process, action plans defining the day-to-day performance of tasks, cooperation, support for cooperation.

2.5 According to the Commission's analysis, 'governance' is an activity determining in general how results are achieved. However, in this connection, there is a major difference between political leadership and the bodies implementing a strategy, which means that the concept of 'ownership' is linked to different types of operators.

2.6 The EESC believes that the framing and implementation of macro-regional strategies requires a specific governance system based on cooperation and coordination. Within this system, ownership of individual programmes, projects and measures can and should be linked with individual specific activities and those who carry them out. Such a system is a prerequisite for the effectiveness and efficiency of individual activities and the basis for their measurability.

2.6.1 The analysis confirms that macro-regional strategies provide a specific framework for cooperation between the European Union, the Member States, their regions and certain third countries within a given geographical area. The action plans are the tools for implementing strategies, enabling participation at economic and social levels.

2.7 The top level of governance is the High Level Group, bringing together the work of Priority Area Coordinators, Horizontal Action Leaders, Pillar Coordinators, and Steering Groups. This institutional structure (network) is complemented by National Contact Points, which strengthen coordination at national level.

3. What is still needed for more effective implementation of macro-regional strategies?

3.1 The EESC feels that the Commission's analysis is an accurate summary of the main areas where stronger governance is needed. Effective implementation of macro-regional strategies requires the following:

- firmer political governance,
- as well as defining and adopting cross-cutting objectives, at national level these should be more closely translated into domestic activity by governments.

3.1.1 The EESC believes that efforts should be made to achieve more intensive implementation of partnership at European level and between European institutions.

3.1.2 Organisations operating at trans-national level in a given region should be involved in developing governance, and given a stake in the process.

3.2 It would be helpful to provide diverse, more easily accessible resources, while developing sector-specific instruments, including those targeted at the private sector.

3.3 Predictability, a secure environment for key stakeholders, ongoing capacity-building, more effective provision of information for civil society while involving it in the implementation of action plans, more intensive use of e-governance and ICT tools, and, in general, a stronger subnational and regional identity and better adaptation to strategies are prerequisites for implementing macro-regional strategies.

4. Recommendations for further development of the main aspects of governance

4.1 Cooperation between political and strategic leaders and **owners — cooperating partners**

4.1.1 While putting forward suggestions for improvement, the Commission's analysis confirms the existing governance structure. It argues that more frequent regular meetings at the different levels, from the strategy-framing stage through the action plans to implementation, will both give key stakeholders a better overview and enable the political level to go beyond declarations and understand the processes better and more accurately assess the value of the work done.

4.1.2 One of the main practical recommendations is for the European Commission to step up the role of macro-regional strategies among EU policies, without overstepping its remit to provide support and guidance.

4.1.3 One major contribution could be to hold thematic meetings to discuss challenges arising during strategy framing and implementation. Such problems have an impact at European level, they affect European policies and are affected by them, and require high-level coordination.

4.1.4 The EESC also feels that the role of the National Contact Points should be stepped up, given that they are the link between the political sphere and the implementation process. In particular, it would like a special representative to be appointed, in order to monitor implementation of individual strategies, to evaluate them and to report back to executive or ministerial consultation meetings.

4.1.5 The Commission report emphasises the importance of ensuring that key players, partners in cooperation and stakeholders in individual countries and regions commit to the process, jointly developing approaches, defining economic objectives and establishing a schedule for implementation, holding regular discussions, raising awareness and generally ensuring effective involvement.

4.1.6 For the EESC, the main stakeholders are national, regional and local decision-makers and civil society, including employers' and employees' organisations and representatives of the scientific and research community and, in general, of non-governmental organisations.

4.1.6.1 Support for participation by these stakeholders is a priority, although many best practices already exist in terms of involving both political actors and civil society.

4.1.7 With regard to the future, the Commission's analysis ⁽¹⁾ attaches great importance to stepping up the activity of successful forums, with closer involvement of parliaments and parliamentary committees. It also emphasises the need for civil society representatives to contribute throughout their macro-regions, raise awareness of their views and become involved in more effectively defining thematic objectives and tasks.

4.1.8 Closer cooperation between theory (academia) and practice (business, SMEs), together with stronger links between students from different universities, could help considerably with framing and implementing strategies.

4.1.9 Last but not least, it is very important for Commission delegations and representations to be involved in the processes, particularly in relation to using IT systems.

4.2 Coordination

4.2.1 At present a 'High-Level Group' made up of representatives from the EU's 28 Member States is in the process of being set up, with plans for its first annual meeting. This is needed in order to strengthen European-level coordination with a view to closer synchronisation of day-to-day processes and political levels. One of the tasks of the group is to liaise with other key stakeholders. In the EESC's opinion, the Group's work illustrates the need to frame a pan-European macro-regional strategy.

⁽¹⁾ COM(2014) 284 final.

4.2.2 Similarly to the existing tasks of National Contact Points, the High-Level Group is responsible for ensuring that the funds used to support implementation of European strategies are in step with macro-regional strategies. Institutional structures are complemented by 'national coordination platforms', enabling consultative dialogue to take place between various ministerial, regional, local, civil society and scientific organisations and stakeholders.

4.2.3 The Commission's analysis emphasises the key role played by National Contact Points in terms of coordination. Apart from basic tasks, such as adjusting and coordinating processes, carrying out monitoring, ensuring and overseeing the flow of information between the different decision-making bodies, and keeping political stakeholders informed, National Contact Points are also responsible for reporting on an annual basis to institutions such as parliaments concerned by the macro-regional strategies, as well as being involved in the identification and, where possible, coordination of national and regional resources.

4.3 Implementation

4.3.1 The EESC agrees with the recommendation that significant political and administrative support is needed for stakeholders in implementation, together with increased financial and human resources.

4.3.2 With regard to implementing macro-regional strategies, independent, nationally-recognised persons, well integrated into the local context and with the requisite expertise, are needed to ensure coordination, where necessary with assistance from the relevant steering groups for a given level.

4.3.3 The EESC agrees that the possibility provided by the new rules for using European funding to directly support macro-regional strategies represents a major change.

4.3.4 In its analysis, the Commission notes that individual ministers bear the main responsibility for ensuring clarity among those involved in implementation by providing them with the necessary resources. Unless the relevant conditions for this to happen are met, it is not possible to expect added value.

4.3.5 The coordinators act as a link between the political level on the one hand, and specific projects and their implementation on the other. Together with the steering groups, they make up the real executive authority.

4.3.6 The Commission's analysis points out that significant organisational and financial resources are already available at European level. Thanks to these, duplication and redundancy can and, indeed, should be avoided in the governance, coordination and implementation of strategies, thus achieving considerable savings. Existing knowledge and practices should be further developed.

4.3.7 With regard to implementation, cooperation should be made more substantive, meetings held more frequently, and coordination stepped up between thematic areas, including by means of closer links within the Commission itself.

4.3.8 Cooperation between individual countries and regions varies from one macro-region to another. We need to avoid creating overly conventional institutional structures. Some good examples to follow are the Atlantic Forum set up to develop Atlantic coastal regions, and other innovative initiatives.

4.3.9 The Commission's analysis draws attention to an option which could be implemented by means of cooperation between the various countries, potentially bringing significant benefits. The EESC agrees that the 'technical points' could provide support for information flow, organisational activity, reporting, dissemination of best practices, setting-up of individual committees and working parties, and organisation and documentation of meetings.

Brussels, 15 October 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

Opinion of the European Economic and Social Committee on the ‘Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 604/2013 as regards determining the Member State responsible for examining the application for international protection of unaccompanied minors with no family member, sibling or relative legally present in a Member State’

COM(2014) 382 final — 2014/0202 (COD)

(2015/C 012/11)

Rapporteur: **Grace ATTARD**

On 3 July 2014 the European Parliament decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on the

Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 604/2013 as regards determining the Member State responsible for examining the application for international protection of unaccompanied minors with no family member, sibling or relative legally present in a Member State

COM(COM(2014) 382 final — 2014/0202 (COD).

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 30 September 2014.

At its 502nd plenary session, held on 15 and 16 October 2014 (meeting of 15 October), the European Economic and Social Committee adopted the following opinion by 143 votes to 1.

1. Recommendations and considerations

1.1 The EESC supports the proposal for amending Regulation (EU) No 604/2013. However, barriers such as the complexity of the administrative, judicial and other systems in Member States, the lack of information, and the fear of being reported, among other things, have to be addressed to ensure that no child is left in a situation of legal uncertainty or statelessness.

1.2 The EESC strongly recommends that the principle of **‘the best interests of the child’** should take precedence over all other national and international law.

1.3 The EESC notes that the current proposal does not provide criteria on ‘how’ and ‘by whom’ the ‘best interests of the child’ are to be established. This definition should follow the rules and standards of international human rights conventions.

1.4 The Committee recommends that personnel dealing with unaccompanied minors should be properly trained to respect children's rights.

1.5 To avoid conflicts of interest and secure qualified staff, the body determining the best interests of the child should be an independent body not connected to the immigration authorities. It should preferably be the national body responsible for child protection issues ⁽¹⁾.

1.6 The EESC stresses that ending the **detention of children** should be addressed as an urgent priority, whether they are accompanied or not, and regardless of which procedure they are subject to.

⁽¹⁾ Such as the *Oficina de Protección de Menores* in Spain or the Youth Welfare Office in Germany.

1.7 Unaccompanied and separated children should never be refused entry into a country, in accordance with the **non-refoulement** obligations deriving from international human rights, humanitarian and refugee law.

1.8 The EESC recommends that the Commission should establish uniform procedures and appropriate and flexible time limits for cases regarding 4b, 4c and 4d in securing agreements between Member States based on the best interests of the child.

1.9 The terms 'inform' and 'effective opportunity' need to be clearly defined to ensure that the minor is assisted by properly trained social workers, independent interpreters and a qualified representative acting as legal guardian to understand the implications of the whole process of lodging an application for international protection in any EU Member State.

1.10 The EESC considers that a **legal guardian** should be a 'qualified representative' who must have experience in dealing with minors and a knowledge of national alien law and child protection legislation.

1.11 The EESC strongly urges Member States to ensure that any age assessment procedures are based on the minor's best interests with the primary aim being to ensure that the minor is granted the rights and protection he/she is entitled to. The assessment should be carried out in the presence of a legal guardian.

1.12 The EESC strongly recommends that in situations where the minor becomes an adult during the process of determining the Member State responsible for examining the application for international protection, the person's age should be considered to be that on the date of the initial application.

1.13 A range of **EU policy agendas** for the protection of undocumented minors in a migrant situation need to be reviewed⁽²⁾. These include regularisation as a migration policy tool, informing and supporting undocumented families, building a database of evidence, birth registration and data protection as well as the right to education and vocational training, health services and accommodation.

1.14 The EESC considers that there is a need for a **more comprehensive definition** of 'unaccompanied children in an irregular migrant situation' to cover the various situations that have arisen in practice and which are not covered by the proposed regulation.

1.15 The EESC stresses the importance of consultation with civil society experts, legal professionals and practitioners with experience in the field of migrant children, and looks forward to collaborating with the Commission in this process.

2. Summary of the Commission proposal

2.1 In its proposal the Commission aims to amend Article 8, paragraph 4 of Regulation (EU) No 604/2013 of the European Parliament and the Council establishing the criteria and mechanisms for determining the Member State responsible for examining an application for international protection lodged in one of the Member States by a third country national or a stateless person (the Dublin III Regulation).

2.2 The proposal has been made in the light of a recent judgment⁽³⁾ of the Court of Justice of the EU, which clarifies which Member State is responsible for examining applications made by unaccompanied minors. It will improve the situation of those minor applicants for international protection who have no family, siblings or relatives on EU territory.

2.2.1 Paragraph 4a is a codification of the Court ruling in case C-648/11 and states that 'where the unaccompanied minor has no family member, sibling or relative legally present in a Member State as referred to in paragraphs 1 and 2, the Member State responsible shall be the one where the unaccompanied minor has lodged an application for international protection and is present, *provided that this is in the best interests of the minor.*'

⁽²⁾ Dr Sarah Spencer, COMPAS, University of Oxford.

⁽³⁾ Case C-648/11 MA and others vs. Secretary of State for the Home Department, UK.

2.2.2 Paragraph 4b addresses a situation in which a minor who is an applicant as referred to in paragraph 4a is present in the territory of a Member State without having lodged an application there. That Member State shall inform the unaccompanied minor of the right to make an application and give him/her an effective opportunity to lodge an application in that Member State, *unless this is not in the best interests of the minor*.

2.2.3 The minor has therefore two options: either to apply for international protection or not to apply.

2.2.4 Under paragraph 4c, in the latter case, i.e. in the case of a minor who decides not to lodge a new application in the Member State where he/she is present which is not addressed by case C-648/11, the minor is to be transferred to *the Member State which the consideration of the minor's best interests indicates as the most suitable*. This rule is meant to ensure that there is certainty in establishing the Member State responsible by introducing a rule that is certain and predictable and that the procedure does not drag on unnecessarily. The guarantees for minors provided in Article 6 of Regulation 604/2013 apply to all minors that are subject to the procedures of this regulation, but the proposal also introduces, in paragraph 4c, an obligation for the requested and requesting Member States to cooperate in assessing the minor's best interest.

3. Background

3.1 The challenges that unaccompanied minors face are diverse and complex, requiring multilateral, comprehensive and holistic approaches.

3.2 The EESC recommends that every child should be provided with information on his/her rights suitable to his/her age, based on the relevant UN Convention, thus ensuring that minors, especially 'invisible' minors who are under no proper care, can be empowered to seek protection.

3.3 In 2013, about 120 000 asylum applicants in the EU were minors, representing more than one quarter of the total number of asylum applicants. 12 685 asylum applicants were unaccompanied minors⁽⁴⁾. The proportion of unaccompanied minors claiming asylum in Europe has remained stable over the past 10 years at around 5 % of the total number of asylum claims made in Europe.

3.4 The status of 'children on the move' may differ at various stages on their journey and they may encounter many different situations of vulnerability⁽⁵⁾, all of which need to be addressed.

3.5 They may be travelling with their family, or independently, or with non-family members, or have been left unaccompanied after entering the territory of the Member State. The parents or caregivers of these children may also be undocumented, for example those who have entered irregularly or overstayed residence permits or visas as a family. The parents or their caregivers may also have a regular migration status, for example when children come to Europe to be reunited with their family but do not fall under reunification schemes. Children who are born in Europe may also be undocumented, because their parents are undocumented. Furthermore, children may be left behind in the case of a deportation.

3.6 Member States are legally obliged to ensure that the rulings of the European Court of Justice, particularly in the case of C-648/11 relevant to Regulation No 604/2013, and UN convention protections and standards are enacted in national legislation and must heed two overarching principles of the CRC: (i) the principle of non-discrimination (Article 2) and (ii) the best interests of the child (Article 3). Any policy or practice that is contrary to international and/or European laws should be challenged as unlawful, and infringement procedures should be launched whenever children's rights are violated.

⁽⁴⁾ Eurostat (2014), Asylum Statistics, http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Asylum_statistics

⁽⁵⁾ Background paper of the European Forum on the Rights of the Child (2012) — http://ec.europa.eu/justice/fundamental-rights/files/background_cps_children_on_the_move_en.pdf

4. General comments

4.1 The proposed regulation will ensure that Member States comply with General Comment No. 6 of the United Nations Convention on the Rights of the Child (CRC), which deals with the treatment of unaccompanied and separated children outside their country of origin.

4.2 The THC 1996 ⁽⁶⁾ states that, regardless of national legislation, the age limit of 'children' or 'minors' is ALWAYS 18 years.

4.3 Fundamental principles with regard to children's rights need to be **mainstreamed** into the development, implementation and monitoring of laws, policies, procedures and practices affecting unaccompanied migrant children.

4.4 Minors whose application has been previously rejected in any Member State should be covered by this proposed legislation.

4.5 Personnel dealing with unaccompanied minors (law enforcement authorities, judicial authorities, interviewers, interpreters, social and youth workers, health professionals, guardians, legal representatives, police officers and border guards, amongst others) should be **properly trained** to respect children's rights.

4.6 The UN Convention obliges states to treat undocumented children in the same way as 'all' children, without distinction. However in practice there is a tension between national legal frameworks governing immigration control and those on child protection. The EESC urges Member States to ensure that children in an irregular situation are considered and protected as children, first and foremost, under national systems for child protection.

5. Specific comments

5.1 The EESC has strongly voiced its views on policies and practices regarding the fundamental rights of migrants in a regular or irregular situation in a wide range of EESC opinions ⁽⁷⁾ and through its participation in the European Integration Forum.

5.2 **Child-friendly reception conditions**, according to the UN Convention on the Rights of the Child and other International Conventions, like the Convention on The Rights of Persons with Disabilities, should be ensured for all migrant children or children in an irregular migration situation, whether undocumented or documented, even in the case of intra-European migration.

5.3 Immediately upon the arrival of any unaccompanied/separated child, free legal aid, and a qualified, independent **legal guardian** should be appointed to support, advise and protect him/her until he/she is reunited with his/her family or receives an appropriate care placement.

5.4 Although EU law recognises the importance of legal guardianship, it does not define the duties of a legal guardian. The legal guardian should be a 'qualified representative' who has experience in dealing with minors and a knowledge of national alien law and child protection legislation, with the authority to represent the child in all decision-making processes, provided the child gives his/her consent ⁽⁸⁾. The guardian shall have the financial resources to involve further expertise if necessary in the child's best interest.

5.5 Throughout the process of determining the Member State responsible, unaccompanied minors should have access to accommodation, education and vocational training, and health services **on the same basis as other children** within the jurisdiction of the receiving Member State, with particular consideration given to the child's psychological state.

⁽⁶⁾ The 1996 Hague Convention on Jurisdiction, Applicable Law, Recognition, Enforcement and Cooperation in respect of Parental Responsibility and Measures for the Protection of Children (THC 1996), http://www.hcch.net/index_en.php?act=conventions.text&cid=70

⁽⁷⁾ (OJ C 128/29, 18.5.2010), (OJ C C48/6, 15.2.2011), (OJ C 67, 6.3.2014.), (OJ C 317/110, 23.12.2009).

⁽⁸⁾ THC 1996.

5.6 **Children's views** and accounts of their experiences need to be incorporated into policy formulation responses and action plans for children. Research on the need for child-centred evidence, including a child's right to express their views freely in all matters affecting them, has provided valuable first-hand evidence for the European Action Plan on unaccompanied minors (2010-2014) ⁽⁹⁾.

5.7 The terms 'inform' and 'effective opportunity' need to be clearly defined to ensure (i) that the minor is assisted by properly trained social workers, independent interpreters and a legal guardian in understanding the implications of the whole process of lodging an application for international protection in any EU Member State in a language that he/she can understand, and (ii) that the minor must give or withhold his/her consent, in writing if necessary.

5.8 At no phase in the process of applying for international protection should a minor be kept in **detention**. Moreover, detention will not allow them to exercise their right to move to another Member State in order to apply there ⁽¹⁰⁾.

5.9 Any decision taken under the Dublin II and III Regulations and concerning unaccompanied minors seeking asylum should comply with the recent jurisprudence of the European Court of Justice ⁽¹¹⁾.

5.10 Agreements and protocols with different Member States called for in the proposed regulation should comply with the Treaty on the Functioning of the European Union.

5.11 The EESC fully agrees that following the adoption of this amended regulation, the Commission should carry out a review of Delegated Acts, as set out in the Dublin III Regulation and on the basis of Article 290 of the Treaty of the Functioning of the European Union.

5.12 The term '**adult sibling**' needs to be clarified when dealing with the right of the minor to family re-unification so as to ensure that the adult can carry out his/her duties towards the minor in a responsible manner according to the law.

5.13 The EESC recommends that Member States provide the necessary support and specialised care for **vulnerable children**, including children with psychological problems, mental or physical disabilities and/or health problems, as well as children in emergency situations, including children coming from regions of conflict where they or their family have been through traumatic experiences, as well as pregnant teenagers or parents under the age of 18.

5.14 The EESC strongly urges Member States to ensure that any **age assessment** procedures (i) are based on the minor's best interests ⁽¹²⁾, (ii) require the presence of a legal guardian, and (iii) are processed by a variety of independent professionals, including child psychologists, social workers and legal experts, as part of the team of male and female experts. The process of the assessment and the decision should be accurately documented.

5.15 Until the assessment is completed, each person claiming to be a minor should be considered and treated as a minor.

5.16 Age assessment should primarily take place on the basis of documentary evidence. A recent ruling by the Spanish Court has established that documentation should not be questioned.

5.17 The minor should be fully informed about the process of age assessment and its consequences and his/her views be given due weight in accordance with his/her age and maturity.

⁽⁹⁾ FRA (2009) Developing indicators for the protection, respect and promotion of the Rights of the Child in the European Union.

⁽¹⁰⁾ UN Committee on the Rights of the Child, General Comment No. 6, Treatment of unaccompanied minors and separated children outside their country of origin CRC/GC/2005/6.

⁽¹¹⁾ European Court of Justice, 6 June 2013, case C-648/11.

⁽¹²⁾ ENOC European Network of Ombudspersons for Children — www.ombudsnet.org

5.18 In the absence of documentation or in cases of serious doubt about the age of the minor, medical/physical investigations may be conducted as a measure of last resort, respecting the child's culture, dignity, physical and moral integrity, as some physical assessments may be particularly stressful, invasive and traumatic. Informed consent should be requested and obtained when medical/physical investigations are considered necessary. The medical/physical investigation shall be accompanied by a socio-pedagogical assessment made by experts. Both proceeding should be cumulative.

5.19 The findings of any proceedings should be **subject to appeal**.

5.20 The legal position of unaccompanied **minors who become adults** is complex, and differs between Member States. Although the procedural rules are set out in the Asylum Directive on this issue, there is a need to establish rules on the rights of a person who turns eighteen during the procedure.

5.21 The EESC strongly recommends that in such situations, age is to be determined in the initial stages of application, to reduce the risk of the minor drifting into an irregular status and disappearing.

5.22 The response of states to the issue of **child trafficking** must not be determined by the immigration status of the child and their asylum application, but in the best interests of the child.

5.23 Children in an irregular migration situation should never be subject to **criminal proceedings** for reasons solely related to their immigration status or where their involvement in criminal activity is the result of exploitation.

5.24 Member States have until the end of July 2015 to enact the Asylum Protection Directive which includes, among other things, the obligations of Member States to identify cases of vulnerable, unaccompanied children at an early stage.

Brussels, 15 October 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

Opinion of the European Economic and Social Committee on the ‘Proposal for a Regulation of the European Parliament and of the Council on organic production and labelling of organic products, amending Regulation (EU) No XXX/XXX of the European Parliament and of the Council (Official Controls Regulation) and repealing Council Regulation (EC) No 834/2007’

COM(2014) 180 final — 2014/0100 (COD)

(2015/C 012/12)

Rapporteur: **Armands KRAUZE**

On 2 April 2014 and 28 April 2014 respectively, the European Parliament and the Council decided to consult the European Economic and Social Committee, under Articles 43(2) and 304 of the Treaty on the Functioning of the European Union, on the

Proposal for a Regulation of the European Parliament and of the Council on organic production and labelling of organic products, amending Regulation (EU) No XXX/XXX of the European Parliament and of the Council [Official controls Regulation] and repealing Regulation (EC) No 834/2007

COM(2014) 180 final — 2014/0100 (COD).

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 2 October 2014.

At its 502nd plenary session, held on 15 and 16 October 2014 (meeting of 16 October), the European Economic and Social Committee adopted the following opinion by 61 votes to one with 5 abstentions.

1. Conclusions and recommendations

1.1. The EESC welcomes the Commission's legislative proposal and its intention to foster the development of organic farming in Europe in parallel with the development of the demand and agrees that there is a need to remedy the shortcomings of the current system. The Commission should both encourage the development of organic farming and boost consumer confidence in organic products.

1.2. Nevertheless, it is concerned that the Commission's impact assessment fails to properly assess the impact of a new regulation on the further development of organic farming in Europe. Nor does it assess the impact on organic farmers and the effects of this regulation on continuity of production.

1.3. The Committee supports the Commission in its efforts to encourage small farms to turn to organic farming and to reduce the administrative burden for the organic products sector as a whole.

1.4. The EU is a net importer of organic products; however, rising production costs and the ever increasing administrative burden on EU farmers do not allow the sector to respond appropriately to the challenge of stepping up EU organic production to meet growing consumer demand.

1.5. In the main, the Committee supports the Commission's goal of total conversion of mixed farms to organic farming, provided that provision is made for exceptions in certain cases. Additional support measures are required to help farmers make the transition to 100 % organic farming.

1.6 The EESC urges the Commission to make the proposal for a regulation more specific as regards seed and vegetative reproductive material, since it will be difficult for organic farmers to reach the target of using 100 % organic seed by 2021.

1.7 The EESC hopes that the negotiations on the Transatlantic Trade and Investment Partnership (TTIP) and any other agreements that may be concluded will not result in the undermining of the EU organic standards or the re-opening of discussions on or alterations to the conditions applicable to the sale and certification of organic products.

1.8 When it comes to animal well-being, organic farms must be held to higher standards than conventional farms at many levels; nevertheless, in some cases, it may be difficult for organic farmers to comply with the high requirements. Certain operations are banned in organic farming in connection with animal welfare considerations and the EESC recommends that the Commission consider and define very carefully the scope for exceptions, with a view to preserving the long-established traditional farming methods and arrangements employed for local breeds.

1.9 The Committee urges the Commission to analyse and take account both of the varying traditions, histories and climatic conditions in the Member States and EU regions and of the specificities of production in individual countries, ensuring that there is scope for flexibility in applying the exceptions while at the same time a certain level of harmonisation should be guaranteed.

1.10 Organic farmers must be able to meet their existing commitments and, for this reason, after the entry into force of the new regulation and midway through the 2014-2020 funding period for rural development programmes, farmers must be given the option of continuing with their existing commitments or following the new regulation. It has to be assured that changes in the current legal framework within an ongoing contract period do not result in retroactive sanctions for those farmers who cannot adapt to the amended requirements.

1.11 The EESC asks the European Commission to take account of the specific characteristics of Europe's outermost regions to enable them to develop local organic farming (access to seeds, a lack of diversity of supply, health problems).

1.12 The EESC calls on the European Commission to clarify the status of royal jelly, pollen and beeswax by including them in the list of other products in Annex I of the draft organic production regulation.

1.13 The EESC calls on the Commission to allocate sufficient aid for innovation and training in the area of organic farming, focusing specifically on vocational training for young people and lifelong learning for existing producers.

1.14 The EESC asks the Commission to draw up a proposal for a regulation that furthers the implementation of direct sales and short supply chains, for organic products.

1.15 The EESC calls on the Commission to ensure that the regulation provides the necessary tools to promote the public and collective procurement of organic foodstuffs in schools, hospitals and other public facilities.

2. General comments

General information on the positions of stakeholders

2.1 Organic farming is a holistic production system based on the management of natural resources, which places strict limitations on the use of chemical and synthetic inputs, prescribes the avoidance of mineral fertilisers and prohibits the use of genetically modified organisms (GMOs).

2.2 Organic farming cannot be reduced to one particular production method or to the development of certain products; it is a much broader concept. Organic farming takes into account not only the physical environment where it is carried out but also its social conditions. This type of production has a much broader vision, which also considers the socio-economic, political and socio-cultural dimension.

2.3 Biodiversity is generally much greater on organic farms, which support more species of plants and insects than their non-organic counterparts. On organic farms the soil is much richer in living organisms, which help to maintain its structure and ensure a high proportion of organic matter, thereby improving aeration and drainage.

2.4 Water quality in the surrounding areas is higher, as organic farmers use no pesticides or harmful synthetic mineral fertilisers. Proper crop rotation helps to improve soil fertility and increases nutrient use efficiency. Comparisons between farms demonstrate that nitrate leaching per hectare is 57 % lower on organic farms.

2.5 Organic farming also fosters the creation of 'green' jobs. A study conducted in the UK and Ireland in 2011 on employment rates on organic farms revealed that the latter generated 135 % more full-time jobs than conventional farms ⁽¹⁾.

2.6 During the Commission's on-line consultation in 2013, stakeholder organisations stressed that the review of legislation in this area should be based on the successes of current legislation and enable the EU to increase organic production. Among the scenarios proposed by the Commission, the majority of stakeholders supported the 'improved status quo' policy option, i.e. better enforcement of and adjustments to the current legislation.

2.7 Despite the views of stakeholder organisations and civil society with regard to the new legislation, the European Commission has prepared and presented a legislative initiative that introduces significant changes.

General information about the Commission's legislative initiatives

2.8 The Commission proposal focuses on three main objectives: maintaining consumer confidence, maintaining producer confidence and making it easier for farmers to switch to organic farming.

2.9 The Commission proposes to strengthen and harmonise rules (both in the European Union and for imported products) by removing many of the current exceptions in terms of production and controls; to address the international dimension of trade in organic products for effectively by introducing new provisions on exports; and to reinforce controls by making them risk-based.

2.10 One of the Commission's key aims is to make it easier for small farmers to switch to organic farming by introducing the option for them to sign up to a group certification system, and to simplify legislation in order to reduce administrative costs for farmers and improve transparency.

3. General and specific comments

3.1 The EESC agrees that there is a need to remedy the shortcomings of the current system. For instance, it is vital to encourage small farms to turn to organic farming and to reduce the administrative burden so as to ensure a level playing field and boost consumer confidence in organic farming.

3.2 Raising quality standards for organic production and introducing stricter rules for manual production will make it possible to increase consumer confidence and also justify the price difference between organic and conventional products. However, it must not be forgotten that small farms wishing to meet these standards risk encountering economic difficulties.

3.3 The EESC urges the Commission to indicate clearly that the key provisions in the current legislation will be incorporated in the new regulation rather than in delegated acts and that they will continue to apply. Consideration will need to be given, in good time and in consultation with stakeholders, to which cases require implementing and which delegated acts.

⁽¹⁾ Morison, J., Hine, R. and Pretty, J., 2005. *Survey and Analysis of Labour on Organic Farms in the UK and Republic of Ireland*. International Journal of Agricultural Sustainability Volume 3 (1).

3.4 The EESC draws attention to the fact that organic farming is not compatible with the use of genetically modified products in the production process or with the cultivation of genetically modified crops on and around organic farms.

3.5 The EESC calls on the European Commission, to take into account the scientific studies on pollination. Pollination, which has developed over millions of years as a means of fertilising flowering plants, takes place fortuitously over the distances that can be covered by the pollinators, particularly bees (*Apis Mellifera*). Today, however, pollinators can also transport pollen containing genetically modified genes. For example, scientific studies ⁽²⁾ show that bees, one of the main pollinators, can fly distances of up to 14 km.

3.6 The EESC is concerned that introducing separate limit values for organic products, as specifically provided for under Directive 2006/125/EC, may generate considerable extra costs. This would hinder or prevent the sector's successful development and smaller-scale organic producers would mainly be affected. The EESC assumes that organic farmers are subject to exactly the same environmental conditions as all other farmers. Separate limit values should therefore be avoided. Consumer protection should not be split into two components.

3.7 The EESC emphasises that the proportion of residues is basically lower in organic products than in products from conventional farming, but points out that residue limits have not yet been established. Accordingly, the EESC recommends as a starting point to conduct a careful study including an impact assessment. Furthermore, the EESC emphasises that there are no standardised EU rules for European laboratory equipment, the methods used or the de-certification thresholds applied by the certifying bodies. This harmonisation should precede the establishment of any other form of European de-certification threshold. It is absolutely necessary for this initiative to be linked to the introduction of an EU mechanism for compensating operators who suffer losses as a result of adventitious or secondary contamination.

3.8 In the main, the EESC can understand the Commission's goal of total conversion of mixed farms to organic farming. Nevertheless there are currently many mixed farms, with one part managed in compliance with the requirements applicable to organic production and another managed as a conventional farm. The legislative proposal plans to phase out mixed farms by 2017. The Committee points out that it will be difficult for many farms to convert the entire holding. Moreover it is very unclear what consequences a rigid implementation of this principle might have. Strategic splitting of holdings or increased abandonment of the organic production would be rather counterproductive. Therefore the EESC recommends maintaining flexibility in certain cases.

3.9 The EESC recommends that exceptions to the rules be maintained in certain specific cases of parallel production (farms producing both organic and conventional products). If no such provision is made for exceptions, the development of organic farming could be impeded. Exceptions should be maintained in the following cases: 1) for scientific institutes conducting studies of both organic and conventional farming; 2) for non-food products: for example, organic farms involved in agro-tourism should be permitted to keep conventional riding horses; 3) for personal consumption: for example on vegetable farms, where the owners keep a few cows or chickens to meet their own needs; 4) for farms that extend across different geographic areas: for example, where one part of the farm's land or buildings are situated in the mountains and another in the valley, or where two farms have historically been united although they are several dozen kilometres apart, meaning that there can be no contamination of organic by non-organic products; 5) perennial crops, in particular arboriculture and viticulture or plants used in perfumes, etc.; 6) crops that have no organic farming outlets.

⁽²⁾ Displaced honey bees perform optimal scale-free search flights Andrew M. Reynolds, Alan D. Smith, Randolph Menzel, Uwe Greggers, Donald R. Reynolds, and Joseph R. Riley, Rothamsted Research, Harpenden, Hertfordshire AL5 2JQ United Kingdom, Freie Universität Berlin, FB Biologie/Chemie/Pharmazie, Institut für Biologie — Neurobiologie, Königin-Luise-Str. 28/30, 14195 Berlin, Germany, Natural Resources Institute, University of Greenwich, Chatham, Kent ME4 4TB United Kingdom Ecology, 88(8), 2007, pp. 1955-1961.

3.10 When it comes to animal well-being, organic farms must be held to higher standards than conventional farms at many levels. The EESC recommends that the Commission give careful consideration to the specific requirements imposed on organic farmers and to provide for exceptions for particular operations (such as tail-docking and keeping animals tethered) that are banned in organic farming in connection with animal welfare considerations. To cite one example, in several EU Member States many years of selective breeding have produced traditional breeds of sheep for which tail-docking is a necessary operation, as the long tails would otherwise cause the animals to suffer. The EESC draws attention to the fact that, like the failure to introduce exceptions, some bans may actually reduce the well-being of the animals if they prevent long-established traditional farming methods and arrangements in use for local breeds from being applied. The bans might even lead to the disappearance of some breeds, which would represent a considerable loss of genetic resources.

3.11 The exception allowing the use of non-organic seed will be phased out by 2021. Organic farmer organisations report that it will be difficult for farmers growing specific varieties to reach 100 % organic seed by 2021 in many countries. The EESC urges the Commission to make the proposal for a regulation more specific so as to prevent organic farmers from encountering difficulties in this area. However, the exception should only apply to crops for which seed appropriate to the local climate and conditions is not available on the market.

3.12 To this end, the Commission should provide for support mechanisms for developing seed production and add provisions that will enable the goal of exclusive use of organic seed and vegetative reproductive material to be achieved.

3.13 Other aspects of the organic seed market also need to be given special consideration. For instance, no restrictions must be placed on farmers' right to exchange seed, this being a prerequisite for obtaining seed that is 100 % organic. Exchanges of this kind are vital to the selection that farmers carry out at local level. It is this choice that enables farmers to obtain varieties adapted to the local climatic conditions in a specific region and cultivate them without using mineral fertilisers and pesticides, whilst respecting historical and climatic differences and the specificities of production in individual countries.

3.14 The EESC draws attention to how important ecotypes of varieties and local crops not listed in the database of registered plant varieties are for organic production. It would be valuable to support efforts to give farmers a greater role in seed production and the search for new varieties. One of the main points cited is the lack of organic seed, particularly for vegetables. In conventional farming the emphasis is placed on products which have an appeal for the global market, in other words, on the worldwide use of hybrid varieties which are the property of multinationals and, as we know, cannot be used in organic production as they are cultivated using conventional methods.

3.15 Being new, the EU organic logo is not yet well known. National organic logos are important for consumers and their use should be maintained. For this reason, the EESC recommends that Member States be given the option of introducing stricter requirements and establishing national or private standards for animal species not covered in the regulation (such as deer, quail and wild boar), and for mass catering.

3.16 The EESC agrees that there is a need for stricter controls for products from third countries to ensure that they comply with EU requirements. Import controls can be strengthened by moving from equivalence to compliance in relation to the recognition of control bodies in third countries. However, the potential negative effects on the domestic organic markets in EU countries of the shift from equivalence to compliance have not been fully identified. For example, in 2001 establishing new import requirements in Japan resulted in a decline in the domestic organic market. A more detailed impact assessment is essential.

3.17 With respect to trade and trade agreements with third countries, the EESC underlines the importance of ensuring that products intended for export to the EU comply with production standards that are as stringent as those established for organic production at European level. The EESC endorses the introduction of electronic certification for product types and ranges, supported by reliable databases, which will enable the Member States to react quickly in cases of non-compliance by blocking the circulation of products that do not meet the requirements.

3.18 The EESC assumes that the EU organic standards must not be undermined or the conditions applicable to the sale and certification of organic products will not be re-opened for discussion or altered in the context of the negotiations on the Transatlantic Trade and Investment Partnership (TTIP).

3.19 Organic farming is a production method defined by its process; therefore, it cannot be characterised by finished products which meet one or more established standards. It is important that controls remain process-oriented.

3.20 The EESC advocates continuing with annual on-farm checks and believes that they should be based on a risk-assessment approach, which should be harmonised at EU level. The cost of the controls must be proportionate to avoid increased expenditure on the part of organic farmers and give consumers the opportunity to buy organic products at a reasonable price. However, provided that a risk-based control approach proves to be safe and credible for the control system, the interval of on-farm inspections could be adjusted.

3.21 The EESC is in favour of group certification for small farmers as provided for in the Commission's proposal with a view to reducing inspection and certification costs and the associated administrative burden, strengthening local networks, contributing to better market outlets and ensuring a level playing field with operators in third countries. At the same time, the EESC notes that this is a complex exercise which must be implemented gradually.

3.22 The EESC believes that it would be inappropriate to abolish the legislative provision allowing retailers to benefit from exemptions, since this would mean that commercial enterprises selling pre-packaged organic products would then have to be certified organic. This requirement would hamper trade in organic products and reduce the number of sales outlets and consumer access to these products. For example, small shops might not wish to pay for a certificate allowing them to sell organic products if they only intend to sell a limited selection of seasonal organic products and, as a result, organic farmers might find it extremely difficult to sell their products.

3.23 The EESC stresses the need to introduce EU-level market surveillance measures in order to gather information on the availability of the various products on the European market and on market trends, in particular the availability of organic seed in the various Member States.

3.24 The EESC welcomes the Commission's intention to draw up an action plan for the development of organic production within the European Union and its objectives, whilst noting that the plan is extremely general and incomplete. The measures the Commission proposes in the action plan need to be both clear and precise. For instance, in some areas, the Commission intends merely to propose, advise, help, consider or encourage, whilst farmers and the public expect concrete measures.

3.25 The EESC considers that the action plan should make the relationship between organic farmers, conventional farmers and farmers growing genetically modified plants one of its key priorities, with the aim of diminishing the risk of contamination by GMOs. Timely interpersonal communication, a discussion of the existing problems and a search for solutions will be the only way of achieving results and ensuring that these different spheres can coexist. The EESC calls on the Commission to make the requisite means available to inform stakeholders and involve them in the decision-making process.

3.26 The measures set out in the action plan to raise awareness of the European instruments for supporting organic farming will not be sufficient to boost the competitiveness of the EU's organic farmers or the volume of organic production. The EESC recommends that an EU-funded campaign be organised to provide more information about Europe's organic farming system as a whole and about the new European logo for organic products.

3.27 The EESC considers that the Commission should provide more support for vocational training for young people, lifelong learning and innovation in the area of organic farming, by earmarking resources for this in rural development programmes and other European programmes. The EESC recommends that the Commission complement the legislation and the corresponding programmes by making support available for colleges and other education and training establishments to provide training and encourage innovation in the area of organic farming.

3.28 Moreover, organic farming is proving to be one of the main points of entry into the agricultural sector for young people. Developments in new information and communication technologies and the entry of young urban dwellers into this sector through organic farming present a major opportunity for the sector to become a force for innovation in disadvantaged areas.

Brussels, 16 October 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

Opinion of the European Economic and Social Committee on the Commission staff working document — Towards a roadmap for delivering EU-wide multimodal travel information, planning and ticketing services

SWD(2014) 194 final

(2015/C 012/13)

Rapporteur: **Jan SIMONS**

On 13 June 2014, the European Commission decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on the

Commission staff working document — Towards a roadmap for delivering EU-wide multimodal travel information, planning and ticketing services

SWD(2014) 194 final.

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 1 October 2014.

At its 502nd plenary session, held on 15 and 16 October 2014 (meeting of 15 October), the European Economic and Social Committee adopted the following opinion by 147 votes with 3 abstentions.

1. Conclusions and recommendations

1.1 The Committee welcomes the Commission staff working document as the first step towards establishing an EU-wide multimodal travel information, planning and ticketing market, although in the interests of clarity it should be made clear in the title that the proposal concerns passenger transport.

1.2 It endorses the Commission's approach of attempting to establish an EU-wide market by setting up a framework, rather than issuing legislative proposals.

1.3 The Committee proposes the establishment of a discussion platform, taking account and making use of past experience with existing discussion forums in which all parties are represented. The aim is to create a catalyst in order to be able to offer real-time travel, planning and fare information as soon as possible. The Committee is willing to play a part in that platform, inter alia in order to safeguard the interests of civil society.

1.4 If the cooperation between representatives of travel consumers, providers of transport services and the national and EU authorities is not a success, then, the Committee feels, the Commission should consider whether a legislative approach should be adopted, and if so in which areas.

1.5 The Committee notes with concern the growing discrepancy between the opportunities available to travel consumers for obtaining real-time information, e.g. via mobile phone apps, and the lagging supply of services by transport providers. The Committee believes that particular attention should be paid to improving the situation of vulnerable groups of passengers, such as those with disabilities, and passenger rights, which differ from one mode of transport to another, the rights of passengers vis à vis service providers and vice versa, as well as the legal relationship between different service providers, also in connection with passenger rights.

1.6 Data collection and, above all, the distribution of revenue between transport service providers are particularly difficult problems. In this connection, the Committee recommends that the possible establishment of a clearing house of the kind which exists in Japan be studied in detail, so that travel consumers will ultimately only need to buy one ticket.

2. Introduction

2.1 On 13 June 2014 the Commission formally requested the Committee to draw up an opinion on the Commission Staff Working Document ('working document') entitled **Towards a roadmap for delivering EU-wide multimodal travel information, planning and ticketing services**.

2.2 The Committee welcomes the publication of a Commission document, as it considers the subject, improved access for EU citizens to multimodal travel information, planning and fare systems, to be of great importance for EU citizens.

2.3 During a public consultation preceding publication of the working document it became clear that a number of major problems will have to be solved before there can be a transparent, multimodal passenger transport information market in the EU:

- access to data is inadequate,
- there are major problems with interoperability,
- data and information flows are not harmonised,
- there is a tendency for companies with a strong market position to concentrate on proprietary systems.

2.4 The Commission would like to hear the Committee's ideas on how, in view of the problems referred to in point 2.3, a transparent, multimodal passenger transport market can be established, where travellers have access to real-time travel information and planning services and can buy a single ticket online for any journey within the EU.

2.5 The Committee had already acknowledged the importance of the subject before the White Paper — Roadmap to a Single European Transport Area — Towards a competitive and resource efficient transport system (COM(2011) 144 final) — was published on 28 March 2011.

2.5.1 On 13 May 2009 it had issued an opinion⁽¹⁾ on the Commission's proposal for a Directive of the European Parliament and of the Council laying down the framework for the deployment of Intelligent Transport Systems in the field of road transport and for interfaces with other transport modes.

2.5.2 In this opinion the Committee recommends the rapid development of an ITS architecture, based on increasing use of high volumes of data, involving a long-term approach which takes account of possible future system developments and the protection of personal data.

2.6 Five years on, however, the Committee unfortunately has to conclude that fundamentally the situation has not changed. The problem of lack of, or inadequate, access to online data still exists; moreover the data itself is incomplete and incompatible. This makes it impossible for providers of mobility platforms, and ultimately for individuals wishing to travel in the EU making optimum use of the various modes of transport, to obtain sufficient information directly on travel planning, forms of travel, journey time and costs.

3. Contents of the working document

3.1 The Commission proposals, as set out in the working document, follow on from the vision developed in the 2011 Transport White Paper, which stressed the need for further integration of the various modes of transport in order to make mobility more efficient and user-friendly.

⁽¹⁾ OJ C 277, 17.11.2009, p. 85.

3.2 The Commission's policy goal in the Transport White Paper is to establish a framework for multimodal transport information and payment services to be operational around 2020. It emphasises that availability of information is essential for seamless door-to-door mobility.

3.3 In addition, conditions are to be created which are conducive to the development and use of intelligent systems for interoperable, multimodal travel information, planning and booking systems, as well as intelligent fare systems.

3.4 The Commission points out in the working document that there are currently more than a hundred multimodal journey planners in the EU, and yet the information available to travellers is fragmented, making it impossible for them to make choices based on complete information. The same applies to tickets. It is impossible to buy one single ticket for a multimodal journey crossing a number of EU borders.

3.5 At the informal ministerial meeting held in Nicosia on 17 July 2012 ministers stressed the need to guarantee the availability and accessibility of EU-wide multimodal travel information and real-time traffic information, and to adopt standards to ensure interoperability. The Commission was asked to explore more ways to improve accessibility of transport data.

3.6 There have been initiatives, such as the first Smart Mobility Challenge, which called on industry and other stakeholders to come up with ideas and ways of creating a genuinely European multimodal journey planner; the Smart Ticketing Alliance, which was set up to improve interoperability between regional and national electronic ticketing systems for public transport; and the Full Service Model an initiative by rail industry stakeholders aiming to develop and implement technical specifications for the exchange of railway data, including door-to-door mobility.

3.7 The Commission acknowledges these initiatives, but they only address part of the problem. They are not EU-wide, they do not cover all passenger transport modes and they are not completely real-time.

3.8 The Commission states in the working document that the following obstacles will need to be overcome in order to achieve seamless door-to-door mobility:

- insufficient access to multimodal travel and traffic data,
- insufficient availability of good-quality multimodal travel and traffic data,
- lack of interoperable data formats and data exchange protocols,
- lack of cooperation between stakeholders.

3.9 The Commission argues that these obstacles can be overcome by means of an integrated approach along six axes:

- a) fair and free access to multimodal travel and traffic data,
- b) optimum availability of reliable multimodal travel and traffic data,
- c) interoperable, harmonised data formats and data exchange protocols,
- d) promoting the interconnection of existing services,
- e) facilitating efficient cooperation between stakeholders,
- f) showcasing the benefits of multimodal travel information, planning and ticketing services.

3.10 The Commission has incorporated these actions into an indicative timeline and states that it is currently working on an impact assessment.

4. General comments

4.1 The Committee is strongly in favour of removing barriers to the smooth operation of the internal market, not least with regard to the enormous passenger transport market. In the interests of clarity, the title should include a reference to passenger transport.

4.2 It should be pointed out that a conflict arises in this area: on the one hand, information is becoming available to travel consumers at a steadily increasing rate, while at the same time, for the same reason, an instrument like legislation, which is supposed to serve the consumer, can never keep up with events, quite apart from the question of whether data providers will support the legislation.

4.3 The Committee believes that the solution to this conflict is close cooperation between representatives of travellers, the providers of the various transport modes and the national and European authorities. This could take the form of a permanent discussion platform in which problems are jointly discussed; account should of course be taken here of experience with the various forums in this field existing under the aegis of the European Commission. The Committee is willing to play a part in that discussion platform, for example as a mediator.

4.4 For a platform of this kind to work properly, suppliers of transport services have to be ready to include their data and information, including information on fares, in the discussions in a fair and open manner. Reluctance to do this or protectionist behaviour are not conducive to this goal.

4.5 The reasons for providers' reticence are, *inter alia*, passenger rights, which differ from one mode of transport to another, difficulties with data collection and — above all — distribution of revenue. A possible issue here too is the necessary competition within and between transport modes, but a solution would be a sort of clearing house for payments between transport service providers. A solution of this kind is operating satisfactorily in Japan.

4.6 Standardisation of Near Field Communication (NFC) technology⁽²⁾ as well as other existing or emerging technologies should, the Committee believes, rapidly make it possible to travel across transport carriers and country borders, using mobile phones, for which one of these technologies is designed.

4.7 Multimodal travel information, planning and pricing systems with virtually pan-European coverage are currently being developed, including German railways' Qixxit (www.qixxit.de), which is already up and running, and the EU-funded Enhanced Wisetrip global scientific consortium pilot project. These are promising developments but currently only offer travel planning information. The providers of these services need to publicise the opportunities they offer.

4.8 The Committee also stresses that it endorses the approach taken by the Commission, which sees its role as that of stimulating, facilitating and innovating rather than in drawing up new legislation.

4.9 The Committee would point out, however, that if the platform stakeholders cannot arrive at effective solutions, the Commission should reconsider whether additional measures, possibly in the form of framework legislation, are needed.

5. Specific comments

5.1 The Committee notes a growing imbalance between travellers' rapidly increasing need for real-time planning, journey and fare information and the lagging supply of services available to meet those needs.

5.2 In the area of technological innovation standardised interfaces are needed to enable different information and booking IT systems to communicate with each other in full respect of business models and go-to-market approaches. Operators and third parties are working on this.

⁽²⁾ OJ C 24, 28.1.2012, p. 146.

5.3 The Committee points out that high-quality timetables are available for most European railways. There might be exceptions, but then with the implementation of Commission Regulation (EU) No 454/2011 on telematics applications for passenger services (TAP TSI) all licenced railway undertakings will meet their obligations within the next years. The challenge is to be able to share this data with other modes in a market-orientated way.

5.4 Following an unconditional 'open data' approach, for example, risks yielding inconsistent results across information channels from a customer point of view. The customer does not need data, but reliable information. While it is absolutely essential that operators as data providers grant access to timetable data, they need to be able to ensure maximum quality of the information given about their services and that liability for any errors is clearly defined.

5.5 While setting up a multimodal journey planner, integrating different data formats across modes into operators' and other information providers' systems is a complex and cost-intensive task. So is the connectivity between these proprietary systems.

5.6 But then again, the established data formats represent good practice in their specific area of application. They largely meet today's demands and are constantly improved as customer and business requirements change and technology progresses. As a consequence, prescribing specific data formats across modes does not per se help overcome connectivity issues.

5.7 On the contrary, it risks diluting quality of data and customer information as a lowest common denominator would have to be found. Prescriptive usage of data formats across the board also risks creating white elephants and reducing the ambition to make use of technological advances as they happen.

5.8 The Full Service Model initiative (FSM) of the rail sector in collaboration with third parties is currently specifying such interfaces for the rail market in a multimodal context. What is important is that the principle of non-discrimination is preserved and that each actor has the same possibilities to launch its own idea. The Full Service Model initiative builds on this principle with its Internet-like distributed IT architecture, enabling technology providers to take up the specifications and start their own new platforms or apps, or whatever technological developments the future will bring.

5.9 Likewise, IATA has launched its New Distribution Capability (NDC) initiative with a similar goal. In public transport, UITP is pursuing its Smart Ticketing Alliance (STA) with the aim of interoperable smart card based data exchange. This shows that solutions will be brought to the market by industry-driven initiatives to overcome the difficulties in integrating data formats.

5.10 To receive enough data to build a journey planner, efficient cooperation between transport modes, municipalities, etc. is necessary to enable a seamless travel experience. It has to be recognised though that the market for multimodal journey planners is comparatively young and is developing with high momentum: several start-ups (e.g. fromAtoB, GoEuro, Waymate) as well as established mobility companies (e.g. Daimler with Moovel, DB with Qixxit) build up such journey planners.

5.11 The Committee believes that the service providers of all modes of transport should not be blinkered by business and market-orientated thinking and should get together to establish a comparative source of travel and fare information, geared to the differing wishes of travel consumers.

5.12 The Committee wholeheartedly supports the Commission's goal of establishing a system of integrated ticketing, i.e. one single ticket for all modes of transport, but this will be the most difficult, and probably the last, market hurdle to be overcome.

5.13 There are some hopeful developments. For example, in June of this year the rail sector launched a multimodal platform that also contains information on air and bus transport, for example, as well as bicycle hire; unfortunately it does not yet include ticket information.

5.14 The Committee realises that at present any connection is possible off-line, but not yet online. And there's the rub. The consumer wants online information, one ticket for an international journey within the EU, using different modes of transport.

Brussels, 15 October 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

Opinion of the European Economic and Social Committee on the communication from the Commission to the European Parliament and the Council — A new era for aviation — Opening the aviation market to the civil use of remotely piloted aircraft systems in a safe and sustainable manner

COM(2014) 207 final

(2015/C 012/14)

Rapporteur: **Mr SIMONS**

On 15 May 2014 the European Commission decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on the

Communication from the Commission to the European Parliament and the Council — A new era for aviation — Opening the aviation market to the civil use of remotely piloted aircraft systems in a safe and sustainable manner

COM(2014) 207 final.

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 1 October 2014.

The Consultative Committee for Industrial Change contributed to this work a complementary opinion (rapporteur: Mr Simons, co-rapporteur: Mr Philippe), which it adopted on 16 September 2014.

At its 502nd plenary session, held on 15–16 October 2014 (meeting of 15 October), the European Economic and Social Committee adopted the following opinion by 168 votes with 8 abstentions.

1. Conclusions and recommendations

1.1 Europe is extraordinarily well placed to reap the benefits of a developing remotely piloted aircraft systems (RPAS) industry, which promotes employment and cements Europe's role as a knowledge centre for technology and development. Existing European SME funding could further stimulate the development of the RPAS industry.

1.2 The terms RPAS and UAV (unmanned aerial vehicle) follow the international regulations set by the International Civil Aviation Organisation (ICAO). ICAO does not use the description 'drone', but it is now firmly established in popular parlance. In order to avoid legal confusion, including as regards liability and insurance, it would nonetheless be advisable to work towards using the ICAO terminology in the European context.

1.3 It is generally acknowledged that RPAS need to be fully integrated into existing forms of aviation including recognition and identification of each aircraft. This will also be affected, specifically in Europe, by the increasing interest in commercial applications for smaller (< 150 kg) RPAS.

1.4 The commercial exploitation of, specifically, smaller RPAS will require further adjustments (for example, more limitations on third-party liability, introduction of lower weight categories of RPAS below 500 kg, adjustments to the risk levels associated with the flight characteristics of very small RPAS, etc.).

1.5 One of the fundamental prerequisites for the use of small RPAS is the existence of harmonised rules, in particular for operators of RPAS, pertaining to safety and training; together with rules and appropriate provisions for privacy, data protection, liability and insurance. This will necessitate new or tougher standards that apply to both private and commercial use, for example with regard to the identification of smaller RPAS, and protection from hacking and from third parties taking over control. The Committee recommends that the Commission take a proactive role here.

1.6 The Committee fully supports the stated aim of the Communication ⁽¹⁾, namely to assess how to create an excellent investment climate for RPAS activities in the European Union, both for production and for operations. It also stresses the resulting positive effects on direct and indirect employment and the associated increase in productivity in general.

1.7 Looking to the future, Europe will have to coordinate civil and military developments in this area, profiting from synergies where possible.

1.8 There is a need for as accurate a picture as possible of RPAS air traffic in connection with all aircraft in circulation. The appropriate tools must be put in place to make this happen.

2. Introduction

2.1 RPAS have been in general use — both military and civilian — for many years. The major discussion about commercial applications and their integration with other civil air traffic and the associated safety issues such as legislation, certification and training together with privacy, liability and insurance aspects has only recently got properly under way. Their use could lead to a social revolution that is in some respects comparable to that brought about by the internet, which, having started out in the military world, has been adapted and democratised, revolutionising many professions and creating new ones.

2.2 The use of RPAS, particularly for civilian applications, has grown exponentially: in terms of numbers, of size and weight, and of the many applications, the number of which is still growing. At this moment five major markets have already been identified: leisure, information and media, monitoring and inspection (electricity, pipelines, industrial installations), earth sciences (agriculture, environment) and public safety (search & rescue, pollution, policing, crowd control, etc.).

2.3 The availability of less costly, highly flexible and less intrusive RPAS will only partly take over the role of manned aircraft and in particular helicopters. But most of the use of RPAS will be generated by the many new uses of small, extremely versatile and economical airborne tools. This will generate new applications with the associated direct and indirect labour and general economic effects, such as increased productivity.

2.4 The question is thus no longer whether, but how and when the integration of RPAS into existing forms of aviation will take place. This will also be affected, specifically in Europe, by the increasing interest in commercial applications for smaller (< 150 kg) RPAS.

2.5 Timely consideration will therefore need to be given to these aspects when looking at the integration of RPAS both at European level and in the ICAO. Safety and privacy issues together with harmonised relevant regulation will play a crucial role in the public acceptance of RPAS in Europe and beyond.

2.6 The Commission's Communication ⁽²⁾ provides a good and fairly comprehensive picture of the existing issues and the status quo regarding the use of smaller RPAS in Europe, and of the regulatory initiatives taken by the Commission.

⁽¹⁾ A new era for aviation — Opening the aviation market to the civil use of remotely piloted aircraft systems in a safe and sustainable manner; COM(2014) 207 final, 8.4.2014.

⁽²⁾ Ibid.

3. Content of the Commission Communication

3.1 It is estimated that by 2050 many different types of aircraft will be available in diverse formats in civil aviation. Some of these aircraft will be manned, others not. It is therefore important to establish a European market for RPAS, also known as drones. Drones are part of a broader category of unmanned aircraft (UAS) that can be programmed to fly autonomously. RPAS, conversely, are remotely controlled by a pilot.

3.2 This technology has undergone rapid development and can now also be used outside the military context. RPAS should therefore be able to fly in unsegregated airspace so as to be part of normal civilian air traffic. Up until now, the technology has been used — for example — for photographing or monitoring infrastructure, but should also in future be able to be used for transporting goods or people.

3.3 The Communication sets out the Commission's position on how RPAS can be put into a policy framework at European level and how this market can be developed in such a way as to protect the public interest. Regulation and research and development are to build upon initiatives from a number of actors, including:

- the European Aviation Safety Agency (EASA);
- the national civil aviation authorities;
- the European Organisation for Civil Aviation Equipment (EUROCAE);
- Eurocontrol;
- the Joint Authorities for Rulemaking on Unmanned Systems (JARUS).

3.4 Safety is a priority in European aviation policy. Current legislation is hampering the development of the European market because national permits are not eligible for mutual recognition by the Member States and thus the whole of Europe. The regulatory framework must take into account the wide variety of aircraft and will first have to address established technologies. More detailed rules can be introduced gradually, which must in turn lead to more complex RPAS operations being permitted.

3.5 A number of the technologies that are necessary to the safe integration of RPAS are not yet available. The R&D efforts of the various bodies will therefore need to be directed towards further developing these technologies. This refers mainly to command and control, detect and avoid technologies, protection from various forms of attack, transparent and harmonised emergency procedures, decision-making capacities so as to ensure predictable flight patterns, and human factors.

3.6 Of course, it is also important that the security of data transmitted to and from the RPAS be guaranteed. Similarly, the data that the various operators exchange in order to ensure the system works properly must be able to be transmitted securely.

3.7 RPAS operations must not lead to breaches of fundamental rights such as the right to privacy. If data have to be collected, the rules on data protection, as set out in Directive 95/46/EC on data protection or framework decision 2008/977, must be complied with. Opening the RPAS market therefore also involves evaluating measures to guarantee fundamental rights.

3.8 Given that accidents always will happen, thought must also be given to insurance and compensation arrangements. The Commission will examine whether it is necessary to amend the current arrangements. It will support the emerging RPAS market and boost the competitiveness of the businesses operating in that field — including many SMEs and startups.

4. General comments

4.1 Although the use of military and civilian RPAS has been going on for some time, and has seen particularly rapid growth in the past few years, the debate about international and national regulation and supervision has only quite recently got under way.

4.2 The current nomenclature for unmanned civilian or military aircraft is varied: drone, unmanned aerial vehicle (UAV), unmanned aircraft system (UAS), remotely piloted aircraft system (RPAS) or aircraft (RPA). These descriptions do not always reveal much about the specific characteristics of the various aircraft and systems. The word 'drone' is military in origin but is sometimes also used for civilian applications.

4.3 The terms RPAS and RPA refer to the rules set by ICAO (the International Civil Aviation Organisation), which seeks to tie in with existing regulations on manned aircraft. The ICAO RPAS handbook refers to RPA as a specific type of unmanned aircraft. All unmanned civil aircraft are covered by the provisions of Article 8 of the Chicago Convention⁽³⁾. ICAO does not use the description 'drone'. In order to avoid confusion, including as regards liability and insurance, it would be advisable to work towards using the ICAO terminology in the European context.

4.4 In accordance with the Commission communication, the term UAV is used to mean an unmanned, autonomously functioning aircraft. An RPAS is an aircraft controlled remotely by a third party. The term 'drones' is now firmly established in public parlance for all types. However, in order to avoid legal confusion, it makes more sense to use the formal terminology in regulations.

4.5 The European RPAS Roadmap⁽⁴⁾ describes the development and integration into common airspace of civil RPAS in a 15-year timeframe. The roadmap specifically describes three pillars: (1) research and development; (2) safety regulations and technical standardisation, and additional measures such as privacy and data protection; and (3) insurance and liability. The proposals relating to the introduction of common airspace with civil RPAS are aimed at 2016 and the years thereafter.

4.6 At the same time, the ICAO has started introducing the long-awaited regulations for integrating unmanned aerial vehicles (UAVs). In 2011 the ICAO UAS Study Group produced a circular (328) on UAS (unmanned aircraft systems) and proposed amendments to Annexes 2, 7 and 13 of the Chicago Convention regarding the use of RPAS in international civil aviation. A new RPAS handbook is expected in the course of 2014, covering subjects such as the conditions for airworthiness certificates, RPAS operational approval, operator certification and new conditions for airworthiness, maintenance and operation.

4.7 The ICAO intends to introduce SARPs (standards and recommended practices) and PANs (procedures for air navigation) in the period 2016-18 for RPAS, covering aircraft, users, patenting, sense and avoid, communication and air traffic control regulations. As stated in the UAS Study Group, ICAO will have published all the regulations for RPAS by 2018.

4.8 Discussions regarding regulations take place both in ICAO and at European level, with the discussions within JARUS (Joint Authorities for Rulemaking on Unmanned Systems) — an international group of experts from national civil aviation authorities and regional aviation safety organisations — playing an important role. Particular attention should be paid here to safety and to measures to combat the criminal use of both large and smaller systems.

4.9 When dealing with RPAS, it is desirable to pay attention both to the general aspects of larger remotely controlled aircraft and to the fastest growing variant thereof in Europe: smaller RPAS systems. Alongside the more public functions of enforcement, emergency management and investigation, the commercial use of (very) small systems for observation, photography, monitoring and control at national level has increased spectacularly. It is therefore important to establish a European market for this use of RPAS.

⁽³⁾ Article 8 Unmanned aerial vehicles:

No aircraft capable of being flown without a pilot shall be flown without a pilot over the territory of a contracting State without special authorisation by that State and in accordance with the terms of such authorisation. Each contracting State undertakes to insure [sic] that the flight of such aircraft without a pilot in regions open to civil aircraft shall be so controlled as to obviate danger to civil aircraft.

⁽⁴⁾ Roadmap for the integration of civil Remotely-Piloted Aircraft Systems into the European Aviation System; Final report European RPAS Steering Group — June 2013.

4.10 The protection of fundamental rights such as privacy of images and data was already an issue with the use of manned aircraft and helicopters; here, the increase in scale due to the use of smaller RPAS is particularly important with regard to strengthening and managing the protection of personal and business data and of privacy and respect for fundamental rights. Appropriate rules continue to be a necessity. In connection with the phasing-in of such rules and the associated learning process, temporary rules and a 'code of conduct' or 'privacy charter' for businesses may have a significant role to play.

5. Specific comments

5.1 *Supporting the European market*

5.1.1 The Committee is pleased to note that the Commission is also sensitive to the commercial interests of operators of small RPAS. Europe is extraordinarily well placed to benefit from the advantages of a developing RPAS industry. A strong RPAS sector promotes employment and confirms Europe's role as a knowledge centre for technology and development.

5.1.2 The fragmentation of the sector and the likelihood of consolidation means that only the most innovative businesses and businesses that are financially the strongest and/or are supported by large corporations will emerge victorious from the battle. It is therefore important that those businesses are given the resources, visibility and regulatory stability to face the challenges and to make use of the development opportunities in this sector. At the top of the list of required resources are innovation and R&D capacities backed up by access to finance. It is also important that the use of legal and regulatory instruments be made easier for the businesses in question. It could be useful to make provision for mutual supply of services between several operators.

5.1.3 In order to make use of the opportunities provided by the single market, regulators must address the challenge of implementing a clear yet flexible legal framework that clears the way for investment in new RPAS technology and applications such as 3D printers and the industrial internet. In this context, the existing European SME funding could further stimulate the development of the RPAS industry. Similarly, the existing SESAR JU programme offers an excellent platform for more financing for research and development (R&D) for further RPAS integration. SESAR 2020 and Horizon 2020 will need to reflect this sufficiently.

5.1.4 On the one hand, manufacturers will need to move from the current production of small batches to the production of larger ones, which means they will need to adapt their means of production. Such adaptations must not be at the expense of the high quality of their products and must go hand in hand with further development of their commercial approach. For other types, however, innovation and tailor-made solutions provide a stimulus for the establishment and growth of enterprises, in particular SMEs.

5.1.5 The expected changes in the civilian use of drones will lead to significant developments. In order to avoid job losses and to support the emergence of new professions, we need to anticipate what these developments are likely to mean in terms of employment. All the social partners will have to be involved in this from the start. There is a need for research and exploratory studies in this respect, including with regard to the possibility of sustainable and environmentally-friendly solutions and to combating electronic pollution. Education and training must anticipate these changes efficiently.

5.1.6 The commercial interests of the RPAS industry will be furthered by the European Union taking a proactive approach to the ITU negotiations on frequency allocation and to preventing unfair competition by third parties. Specifically in the context of the current free trade negotiations with the USA, this is very important.

5.2 *Liability and Insurance*

5.2.1 A fundamental prerequisite for the use of RPAS is appropriate existing or new regulations setting out the responsibilities and third-party liability of operators and users of RPAS. There is broad consensus that third-party liability for RPAS must be based on the provisions applicable to manned aircraft.

5.2.2 Pilot training: depending on the conditions under which civilian RPAS are used, risks — sometimes serious ones — can arise, both for the users and for possible victims, and material damage can occur. To achieve optimal operating conditions, it is necessary, together with the regulatory authorities and the professional organisations for civilian RPAS or similar organisations, to establish a regulatory framework for training pilots and operators who operate aircraft remotely and for licensing. This will reduce uncertainty as regards the insurance aspects and legal liability.

5.2.3 It is reasonable, not least in connection with the high level of automation, that the operator of an RPAS should be directly liable. The current liability arrangements for airlines and aircraft operators are set out in Regulation (EC) No 785/2004 and elsewhere. This regulation does not currently take account of the particular liability and insurance aspects of RPAS.

5.2.4 The commercial exploitation of, specifically, smaller RPAS will require further adjustments (for example, more limitations on third-party liability, introduction of lower weight categories of RPAS below 500 kg, adjustments to the risk levels associated with the flight characteristics of very small RPAS, etc.).

5.2.5 Insurance for RPAS is available, but as most RPAS missions are currently conducted by state-owned aircraft, there is little demand. The calculation of premiums is often based on manned flights (take-off weight). This system also needs to be adapted to smaller RPAS.

5.3 Privacy

5.3.1 The commercial use of smaller RPAS (< 150 kg), which are capable of collecting large quantities of data and photographic material, must be accompanied from the start with clear guarantees on the protection of privacy. Consideration could, for example, be given to covering pictures over or turning them on or off and to protecting images and other information. There is a clear need for new or tougher standards that apply both to private and commercial use and that, for example, also make it possible to identify smaller RPAS and protect them from hacking and control of them being taken over by a third party.

5.3.2 Proposals for amendments to existing Community legislation on the protection of personal data are currently at an advanced stage of negotiation. Among other things, they clarify the obligations and responsibilities incumbent on manufacturers and users of RPAS. Not least in light of the question of whether such standards should be introduced and implemented at European or national level, it is justifiable to expect the Commission to take a proactive approach.

5.4 Civil/military cooperation

5.4.1 Civil and military use of airspace by both manned and unmanned aircraft and the associated safety standards will lead to a heavier workload for air traffic control services. We therefore support the Commission's intention to take initiatives in this area, and are in favour of cooperation between civil and military activities where commercial applications and innovations can be tested, profiting from synergies where possible. It will also most certainly be necessary to pay attention to regulatory priorities and to the relationship between European and international law.

Brussels, 15 October 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

Opinion of the European Economic and Social Committee on the ‘Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Innovation in the Blue Economy: realising the potential of our seas and oceans for jobs and growth’

COM(2014) 254 final/2

(2015/C 012/15)

Rapporteur: **Mr BOLAND**

Co-rapporteur: **Mr LOBO XAVIER**

On 13 May 2014, the European Commission decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on the

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Innovation in the Blue Economy: realising the potential of our seas and oceans for jobs and growth

COM(2014) 254 final/2.

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 1 October 2014.

At its 502nd plenary session, held on 15 and 16 October 2014 (meeting of 15 October), the European Economic and Social Committee adopted the following opinion by 143 votes to 1 with 1 abstention.

1. Summary of conclusions and recommendations

1.1 The EESC welcomes the Commission document, which sets out to maximise the employment potential of our seas and oceans through innovation, with specific emphasis on marine biotechnology, ocean energy and seabed mining.

1.2 The EESC is concerned by the lack of coordination of measures initiated by the private and public sectors and notes that similar tensions exist among Member States. Equally, the lack of adequate data and data systems necessary for accurate information about our seas and their potential is impeding innovation development, in spite of the efforts made by several universities and knowledge institutes across the Member States. The EESC believes that failure to resolve these issues is costing Europeans the opportunity to access new potential employment.

1.3 The EESC maintains that the Innovation Union flagship initiative is fundamental to the development of the blue economy but needs increased support from the Commission. Such support includes having the necessary legislative backing as well as long term financial aid, aligned with more information about the existing innovation programmes.

1.4 The EESC strongly recommends that the weaknesses identified by the Innovation Union flagship initiative should be tackled by the Commission and the individual Member States as a matter of urgency.

1.5 The EESC recommends that in tandem with the scientific approach of the document, there is a need to integrate coastal tourism strategies into the process in order not only to boost civil society's interest in the subject but also to benefit from integrated cooperation between the two visions of the process.

1.6 The EESC recommends that coastal and island communities that are experiencing serious decline in the traditional industries, including fishing, should be fully included at all stages of the development of the blue economy so as to guarantee the correct balance between R&D and tourism activities that can create jobs and prosperity. In recommending this, the EESC would specify that all communities affected by the blue economy should be represented in a meaningful dialogue among all of the stakeholders. Furthermore, these communities, and more specifically islands, have clear potential here and a specific contribution to make as regards innovation within the blue economy.

1.7 In the development of strategies to advance employment in the blue economy it is essential that innovation in areas such as shipbuilding, aquaculture, port infrastructure and fishing is included. Because there is already an increasing need to comply with various environmental demands, the EESC recommends that all marine policy measures formulated by the Commission should focus on the employment potential of adapting to new environmental requirements.

1.8 It is clear that the achievement of increased employment through blue economy innovation will be very slow under the present policy. In that context, the EESC strongly recommends that the European Commission seeks agreement from all parties on a smart timetable that focuses measures to achieve a quick delivery of all strategies.

1.9 While welcoming the measures proposed by the Commission, the EESC strongly believes that they are insufficient in number and lack adequate commitment from the Member States. In that context, there is a need to hold a special EU summit on blue economy innovation before 2016. This would involve the ministers for maritime affairs and associated responsibilities. The aim would be to prioritise key strategies and agree timetables for implementation that are reasonable to all Member States according to their characteristics. Also, as regards the proposed blue economy and science forum scheduled for 2015, the Committee recommends that civil society, including workers and marginalised groups are properly represented.

2. Explanation and background

2.1 In 2011, the European Commission adopted a communication on blue growth⁽¹⁾, which demonstrated the employment potential of supporting our oceans, seas and coasts around Europe. It also singled out the role that ocean energy could play as regards increased employment opportunities.

2.2 Currently, it is estimated that between 3 and 5 % of the EU's GDP comes from the overall maritime sector, which employs around 5,6 million people and generates EUR 495 billion for the European economy. Some 90 % of foreign trade and 43 % of intra-EU trade takes place via maritime routes. European shipbuilding, including allied industries, accounts for 10 % of global production. Almost 100 000 boats are in operation around Europe, either in fisheries or aquaculture. Also, other more recent activities, such as mineral extraction and wind farms, are developing (*The European Union explained: Maritime affairs and fisheries*, 2014, http://europa.eu/pol/pdf/flipbook/en/fisheries_en.pdf).

2.3 It is also understood that all Member States and EU bodies are concerned that the unsustainable use of our seas threatens the fragile balance of marine ecosystems. This in turn challenges marine initiatives that seek to create more jobs and contribute to the European 2020 strategy.

2.4 The Commission is also aware of weaknesses identified by the Innovation Union flagship initiative such as: under-investment in knowledge, poor access to finance, the high cost of intellectual property rights, slow progress towards interoperable standards, ineffective use of public procurement and duplications in research. Other weaknesses identified in the Commission's Annual Growth Survey for 2014 include: not enough collaboration between the public and private sectors on innovation, poor transfer of research results into goods and services and a growing skills gap.

⁽¹⁾ Blue Growth opportunities for marine and maritime sustainable growth, COM(2012) 494 final.

2.5 The availability of data detailing seafloor characteristics, such as mapping of seabed habitats, seabed geology and other uncertainties connected with the sea, is limited and acts as a barrier to faster innovative development.

2.6 The considerable number of initiatives managed by European Commission policy is noted. These include:

- the availability of data free of restrictions;
- integration of data systems;
- adoption of the European Strategy for Marine Research.

2.7 Despite the Common Fisheries Policy reform, there are thousands of coastal communities in decline. Many of these now find that they cannot compete on the seas and would require considerable support towards upgrading their fishing fleets. There is also a decline in the ancillary services such as boat building, maintenance and the provision of other associated services.

2.8 Seas around Europe include: the Adriatic and Ionian Seas, the Arctic Ocean, Atlantic Ocean and Irish Sea, the Baltic Sea, the Black Sea, the Mediterranean Sea and the North Sea.

3. Context of the Commission communication

3.1 On Thursday 8 May, the European Commission presented an action plan on ‘innovation in the blue economy’. The general aim of this communication is to realise the potential of job creation and growth in our oceans and seas. It proposes a series of initiatives to gain better knowledge of the ocean, improve the skills needed to apply new technologies in the marine environment, and strengthen the coordination of marine research. The following measures have been proposed:

- Deliver a digital map of the entire seabed of European waters by 2020.
- Create an online information platform, to be operational before the end of 2015, on marine research projects across the Horizon 2020 programme as well as nationally funded marine research, and to share results from completed projects.
- Set up a blue economy business and science forum, which will involve the private sector, scientists and NGOs to help shape the blue economy of the future and share ideas and results. A first meeting will take place in conjunction with the 2015 Maritime Day event in Piraeus, Greece.
- Encourage research, business and education players to map out the needs and skills for tomorrow’s workforce in the maritime sector by 2016.
- Examine the possibility of major players from the research, business and education communities forming a Knowledge and Innovation Community (or KIC) for the blue economy after 2020. KICs, part of the European Institute of Innovation and Technology (EIT), can stimulate innovation in multiple ways, for example by running training and education programmes, reinforcing the path from research to market and setting up innovation projects and business incubators.

3.2 Individual industries that make up the blue economy include: aquaculture, coastal tourism, marine biotechnology, ocean energy and seabed mining.

3.3 While in economic terms, the blue economy accounts for the sustainability of 5,4 million jobs and generates a gross added value of almost EUR 500 billion a year, it must be noted that marine biotechnology, ocean energy and seabed mining have yet to be developed as net economic contributors.

3.4 It is the Commission's view that each of these sectors can contribute substantially to the blue economy in the following ways:

- Marine biotechnology offers the possibility of exploring the sea to undertake DNA sequencing using new underwater technology. The critical mass of all EU countries involved will stimulate lucrative niche markets.
- Ocean energy is still an emerging sector. Properly managed, it has the potential to achieve renewable energy and greenhouse gas reduction targets. The potential of economic growth as a result of new innovative technologies is seen as realistic, given the progress already made.
- Seabed mining has the potential to create jobs based on the knowledge that the quantity of minerals occupying the ocean floor is potentially large. With due regard for environmental concerns, the retrieval of these minerals is likely to fill gaps in the market where either recycling is not possible or adequate, or the burden on terrestrial mines is too great. While still small, this sector has the potential to generate sustainable growth and jobs for future generations.

3.5 The blue economy benefits from the EU's Innovation Union flagship initiative, which aims to create an innovation-friendly environment. The new programme Horizon 2020, worth EUR 79 billion is the EU's largest research and innovation programme.

3.6 The document also outlines weaknesses of the initiative, which include under-investment in knowledge, poor access to finance, the high cost of intellectual property rights, slow progress towards interoperable standards, ineffective use of public procurement and duplications in research.

3.7 The measures proposed by the Commission include:

- From 2014 onwards, a sustainable process that ensures that marine data is easily accessible, interoperable and free of restrictions.
- By January 2020, a multi-resolution map of the entire seabed of European waters.
- By the end of 2015, an information platform on marine research across the whole Horizon 2020 programme as well as information on nationally-funded marine research projects.
- In 2015, the first meeting of the blue economy business and science forum.
- In the period of 2014-16, the establishment of a marine sector skills alliance.

3.8 It should be pointed out that the Commission document does not define 'the blue economy'. However, the EESC notes the definition given in the EU's third interim report of March 2012 entitled *Scenarios and drivers for sustainable growth from the oceans, seas and coasts*, which states that 'blue growth is hence defined as "smart, sustainable and inclusive economic and employment growth from the oceans, seas and coasts"'. The maritime economy consists of all the sectoral and cross-sectoral economic activities related to the oceans, seas and coasts. While these activities are often geographically specific, this definition also includes the closest direct and indirect supporting activities necessary for the functioning of the maritime economic sectors. These activities can be located anywhere, also in landlocked countries. Maritime employment is all the employment (measured in terms of full time employment — fte) resulting from the above activities related to the oceans, seas and coasts.

4. General comments

4.1 The potential of the blue economy in Europe will be realised if Member States and all stakeholders including civil society are actively involved in the development of policies and local solutions that tackle the many weaknesses identified by the Innovation Union flagship initiative as well as those detailed in the 2014 Annual Growth Survey.

4.2 The Innovation Union flagship initiative is fundamental to the development of the blue economy. However it will need considerably more support and development if it is to realise the economic potential of our seas.

4.3 In the context of the European semester, the Commission must make sure that the Member States' national reform plans mainstream policies reflecting blue growth priorities.

4.4 The reality of sea pollution, much of which originates on land has real implications for a future sustainable blue economy. Equally, environmental concerns arising from seabed mining, the need for better port infrastructure and improvements that increase the environmental quality of the shipping industry, if not tackled immediately, will limit the employment possibilities of the blue economy.

4.5 The plight of coastal communities that are affected by the wider European economic crisis and are dependent on the blue economy will require particular attention in the form of greater linkages to EU programmes such as the Common Fisheries Policy.

4.6 In Europe, the fragmentation of policies and measures aimed at improving the economic value of our oceans and seas has been an impediment to achieving sustainable economies under the different economic categories. Equally, the potential of blue economy agreements between Europe and the USA and other global interests have the capacity to create increased employment.

4.7 The blue economy is dependent on the development of the shipbuilding industry, which comprises around 150 large shipyards in Europe, with around 40 of them active in the global market for large sea-going commercial vessels. Around 120 000 people are directly employed by shipyards (civil and naval, new building and repair) in the European Union. The Commission document should reflect in greater detail the contribution of shipping to the overall blue economy.

4.8 In tandem with the scientific approach of the document, there is a need to integrate coastal tourism strategies into the process in order not only to boost civil society's interest in the subject but also to benefit from integrated cooperation between the two visions of the process. Overarching all development is the requirement to adapt to environmental requirements and identify opportunities.

4.9 The Commission's document is very focused on the scientific research that is obviously needed to maintain a safe ecosystem but an integrated view should also be present in the mindset of policy-making. Therefore, the effects of seabed mining must be scientifically established and included in all policy-making. Striking the right balance between the need to preserve the seas and their economic sustainability is crucial if there are to be benefits for research, economic stakeholders and society in general.

4.10 Any analysis of the blue economy is weakened if there is not sufficient attention given to the decline of traditional blue economies such as small fishing communities, shipping and tourism. Also to be noted are the effects of the EU's declining budget in this sector.

4.11 The ability of the traditional sectors to contribute to increased employment must not be undermined. In aquaculture, the EU is still not self-sufficient in supplying the demand for fish. In the shipbuilding industry, the potential to increase employment is also huge. The need to modernise port infrastructure, if tackled, will also significantly increase employment opportunities.

4.12 Some Member States' innovation strategies already support the idea of sustainability and 'the ocean as a national priority'. For example, the Portuguese 'National strategy for research and innovation for smart specialisation 2014-2020' features the correct use of eco-efficient maritime transport in a maritime space without borders to better explore the navy industry and its integration into the ports logistic, aligned with the global logistic. This shows us the commitment of the Member States here, and the importance of the 'blue economy' and of Europe's leadership on the matter.

4.13 The EESC believes that islands within Europe have a specific role to play in the blue economy, in all three areas identified as areas of innovation for the sector but even more specifically in ocean energy. For this reason, the EESC urges the Commission to also give specific focus to islands in Europe within the realm of this communication, not only for the particular effect the blue economy will have on these areas but also because of the contribution they can make to innovation.

Brussels, 15 October 2014.

*The President
of the European Economic and Social Committee*
Henri MALOSSE

Opinion of the European Economic and Social Committee on the ‘Proposal for a Decision of the European Parliament and of the Council establishing a programme on interoperability solutions for European public administrations, businesses and citizens (ISA²): Interoperability as a means for modernising the public sector’

COM(2014) 367 final — 2014/0185 (COD)

(2015/C 012/16)

Rapporteur working alone: **Mr Etherington**

On 3 July 2014 and 17 July 2014 respectively, the European Parliament and the Council decided to consult the European Economic and Social Committee, under Articles 172 and 304 of the Treaty on the Functioning of the European Union, on the

Proposal for a Decision of the European Parliament and of the Council establishing a programme on interoperability solutions for European public administrations, businesses and citizens (ISA²): Interoperability as a means for modernising the public sector

COM(2014) 367 final — 2014/0185 (COD).

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 1 October 2014.

At its 502nd plenary session, held on 15 and 16 October 2014 (meeting of 15 October), the European Economic and Social Committee adopted the following opinion by 151 votes with 5 abstentions.

1. Conclusions and recommendations

1.1 Conclusions

1.1.1 The Committee welcomes the proposal for a new programme on interoperability solutions for European public administrations, civil society and citizens (ISA²). The proposal is well-argued and likely to contribute to the Digital Agenda for Europe by ensuring that public administrations can efficiently and effectively share data based upon common standards and tools.

1.1.2 Although public administrations are the focus of ISA², the EESC believes that there is potential benefit to civil society, and the Committee hopes that this benefit can be fully realised.

1.1.3 There are however two main concerns that, if addressed, might strengthen ISA².

1.1.4 Firstly, citizens are increasingly aware of, and concerned by, public administrations' collection and usage of personal data or data collected more broadly. They are also aware that greater interoperability has implications for how data can be shared and used. The proposal makes no mention of such risks and concerns, either to citizens or the successful delivery of ISA². The EESC would also draw attention to one of its earlier opinions in relation to data protection, and the view of the European Data Protection Supervisor, and highlight the need to strengthen safeguards for citizens ⁽¹⁾ (See letter from the European Data Protection Supervisor on the proposed General Data Protection Regulation: https://secure.edps.europa.eu/EDPSWEB/webdav/site/mySite/shared/Documents/Consultatio/Comments/2014/14-02-14_letter_Council_re-form_package_EN.pdf).

1.1.5 Secondly, ISA² may have the potential to distort the current market for interoperability solutions, particularly via the operation of 'incubator' activities.

1.2 Recommendations

1.2.1 The EESC welcomes the ISA² programme on interoperability and supports this proposal.

⁽¹⁾ OJ C 229, 31.7.2012, p. 90-97.

1.2.2 The Committee recommends that the programme builds on the existing ISA programme and other programmes in order to help deliver the Digital Agenda for Europe.

1.2.3 The EESC would like to be kept informed of the progress made by ISA².

1.2.4 Public trust and confidence in public administrations and their ability to manage personal data and respect privacy is a cause for concern. The proposal does not mention public trust and confidence as a risk, nor does it note any other risks or disbenefits to interoperability. It should also take into account any concerns that the European Data Protection Supervisor may have regarding the processing of personal data in more than one Member State. These should be addressed more clearly in the activities of the programme.

1.2.5 A robust Citizens' Summary should be developed in order to address concerns about value for money and to justify the social benefits claimed by the programme.

1.2.6 More practical use cases should be employed to demonstrate the practical need, from a citizen perspective, of interoperability between national public administrations.

1.2.7 The Committee recommends that particular effort is made to communicate the work undertaken in ISA² to civil society, as organisations may benefit from work on interoperability, or help to deliver the programme.

1.2.8 The operation of the 'incubator' and 'solution bridge' activities has the potential to be market distorting. Therefore:

- The Commission may need to satisfy itself that these activities will not distort the market and have the effect of reducing commercial supply of interoperability ICT solutions.
- The selection of new solutions, and the choice of solutions for longer-term support until sustainability, should be rigorously tested and evaluated in a process that stakeholders can be confident in.
- If market distortion is a valid concern, then the incubator should instead focus on developing or adopting standards and utility libraries rather than providing 'turn-key' solutions.

1.2.9 The restriction to non-commercial purposes may limit the impact of ISA²: if civil society cannot build upon the work of ISA² for commercial purposes they are less likely to engage with the programme.

1.2.10 For multilingualism reasons, every IT solution must be compatible to the Universal Character Set (Unicode, ISO/IEC 10646) (UCS), as demanded by the final report of the High Level Group on Multilingualism (2007). If there is a current or potential future legal requirement for European level interoperability, a subset of the UCS shall be specified for manageability.

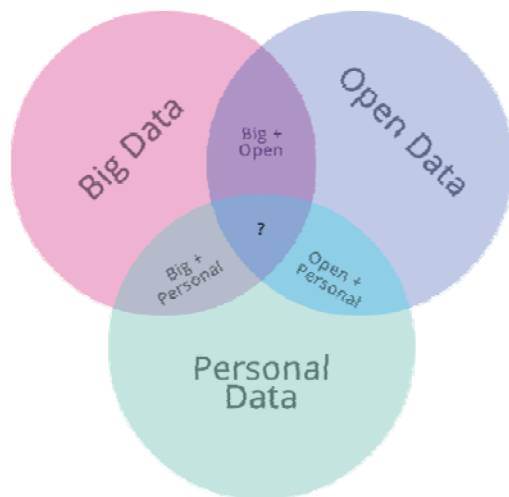
2. Introduction

2.1 It has been widely argued that data has the potential to transform citizen services and the organisations that deliver them in the public and private sectors and across civil society. Data has the potential to drive research and development, and increase productivity and innovation. Not for nothing has the phrase 'Data is the new natural resource' gained widespread currency. For example, see the article <http://www.forbes.com/sites/ibm/2014/06/30/why-big-data-is-the-new-natural-resource>

2.2 Data is increasingly generated and collected from all aspects of our lives: from administrative processes such as electronic taxation forms, to passive collection of health data from a smart watch. So-called 'big data', such as data from the users of public transport systems, has the ability to revolutionise the way we design and plan public services. Indeed, policy initiatives or public services increasingly depend upon digital capability. A current example in the UK is vehicle taxation: the replacement of the paper car tax disc depends upon the interoperability (for a definition of interoperability, see <http://www.ariadne.ac.uk/issue24/interoperability>) of insurance, ownership and 'MOT' (safety check) databases. This has made application for car tax easier for citizens, whilst it is reported to increase compliance with the system. In short, we live in a digital society where it is possible to substantially improve our ability to provide digitally enabled, joined-up services. The EU has a range of programmes and a wider 'Digital Agenda for Europe' that support the realisation of a digital economy and society (See <http://ec.europa.eu/digital-agenda>).

2.3 We can realise the benefits of a digital society, and more specifically digital government, by making data more readily accessible or, in some cases, easier to reuse because copyright holders have allowed its reuse without restrictions (open data; a definition can be found at <http://theodi.org/guides/what-open-data>). Where data is available, we can set standards for *interoperability*: that is, make it easier for data to be exchanged and reused. This may be as simple as making data 'machine readable' (instead of locked in proprietary formats such as PDF), or identifying common formats for the submission and collection of data (such as iXBRL for company accounts; see <http://en.wikipedia.org/wiki/XBRL>). It is also worth noting for the purposes of this paper that much of the data collected by public administrations is personal, and private, in nature (see diagram). This is important, because the issue of personal data has implications for public understanding of interoperability and its application.

Figure 1: Big Data, Open Data, and Personal Data



2.4 The Commission argues that interoperability between nation states is a particular 'e-barrier' to citizens' more effective use of public services such as health care, which now widely depend upon data and ICT capability. Lack of interoperability is also argued to be a barrier to EU-wide policy implementation. Conversely, policy initiatives such as the single market rely upon the interoperability of national business registers. In short, interoperability is critical to a modern, integrated Europe.

3. Proposed ISA² programme on interoperability solutions for European public administrations, businesses and citizens

3.1 The Commission has implemented programme to develop interoperability since 1995. This has included the development of an interoperability strategy and a framework (See http://ec.europa.eu/isa/documents/isa_iop_communication_en.pdf for an excellent overview). The Commission argues that supporting interoperability has been successful: it has enabled 'efficient and effective electronic cross-border and cross-sectoral interaction between [...] administrations, [...] enabling the delivery of electronic public services supporting the implementation of EU policies and activities' (Cited in Decision Of The European Parliament And Of The Council: establishing a programme on interoperability solutions for European public administrations, businesses and citizens (ISA²) (p. 3)).

3.2 The current programme, Interoperability Solutions for European public administrations (ISA), ends on 31 December 2015. There remains however much to do: 'digital by default' is, in some areas, still in its infancy. And should the need for interoperability not be planned in and supported at the point where new legislation is proposed, it is likely that public administrations will not achieve the benefits of interoperability.

3.3 A new ISA² programme (http://ec.europa.eu/isa/isa2/index_en.htm) is proposed to:

- map the interoperability landscape;
- champion and support interoperability solutions;

- support and champion the ICT implications of new legislation to encourage interoperability;
- encourage the exchange and reuse of data across sectors and borders, particularly where it supports interaction between European public administrations and between these bodies, citizens and civil society.

3.4 The new ISA² programme has been widely consulted upon. Consultees responded that public administrations should remain the focal point of ISA. The most widely received response was that ISA should help to reduce duplication of effort and that ISA should focus on coordinating with other EU programmes.

3.5 The proposed programme has been designed in view of the evaluations of predecessor programmes. In particular, the proposed ISA will focus on providing interoperability solutions, and then provide these solutions to public administrations.

3.6 The proposed expenditure on the ISA² programme is EUR 131 million over the period 2014-2020.

3.7 It has been argued that should the ISA² not go ahead, a reduction in support for interoperability will lead to fragmentation of standards and systems, and wasteful duplication of effort in developing new solutions or systems. This will likely lead to reductions in efficiency as public administrations find it more difficult to transact with each other.

4. General comments

4.1 The continued encouragement for, and investment in, interoperability is both necessary and welcome. In order for the EU to pursue the Digital Agenda for Europe, ISA² will be needed. It will be necessary to ensure that stakeholders understand the links between the different programmes in order to avoid confusion (For example, please see the following link: http://ec.europa.eu/isa/documents/isa_the_difference_between_the_digital_agenda__isa_egov_action_plan_eis_eif_en.pdf which explains how ISA relates to the Digital Agenda for Europe.

4.2 If the experience of the UK is anything to go by, there is evidence that public administrators still need support and assistance in order to access and reuse data (see <http://theodi.org/blog/guest-blog-how-make-open-data-more-open-close-gaps>). This includes a need for technical skills. ISA² can help provide this.

4.3 As more and more public services become 'digital by default' it is important to maximise the efficiency of public spending on ICT solutions. This should be facilitated by ensuring that their provision is planned in at a sufficiently early stage and, where possible, sharing and reusing solutions in order to maximise the value of public spending. ISA² makes a welcome contribution to this goal.

4.4 Although the focus of the proposed programme is public administrations, it is worth noting that civil society organisations are also likely to benefit from interoperability activities. In the case of civil society, there is increasing focus on co-production; and some of the most innovative developments in civil society are where co-production and technology solutions are being applied to areas of public service such as health or social care. The European Interoperability Reference Architecture will likely benefit this emerging landscape.

4.5 Public trust and confidence in public administrations and their ability to manage personal data and respect privacy is a cause for concern. The proposal does not mention public trust and confidence as a risk, nor does it note any other risks or disbenefits to interoperability.

5. Specific comments on the proposed programme

5.1 The Committee welcomes that the design of ISA² has taken into account the views of stakeholders and learning from previous programmes. It is further welcome that the programme builds upon existing work and does not seek to start from a completely new direction.

5.2 The emphasis on both championing interoperability and providing more practical advice and support is welcome. Given the long history of large-scale ICT problems in UK public administration, the focus on early stage planning for the impact on ICT of legislative change is particularly welcome.

5.3 The proposal would be strengthened if more practical use cases were employed to demonstrate the practical need, from a citizen perspective, of interoperability between nations. At the moment, it may appear to stakeholders that benefits only accrue to public administrators interested in cross-border harmonisation, rather than citizens using typical public services. A robust Citizens' Summary (The 2010 Citizens' Summary can be found at http://ec.europa.eu/isa/documents/isa_20101216_citizens_summary_en.pdf) should be developed in order to address concerns about value for money and to justify the social benefits claimed by the programme.

5.4 It has already been noted that those consulted during the development of ISA² responded that public administrations should remain the focal point of ISA. The EESC has similarly noted that civil society will benefit from interoperability. It may be the case that stakeholders in civil society were not sufficiently aware of the consultation, resulting in a focus on public administrations for ISA². It may be the case that a greater focus on communicating with civil society is required for ISA² to realise the impact of the programme expenditure.

5.5 The proposal proposes that ISA² should develop and build ('incubator') interoperability solutions. It further states that ISA² should be a 'solution bridge' to ensure the sustainability of ICT solutions. The selection of new solutions, and the choice of solutions for longer-term support until sustainability, should be rigorously tested and evaluated in a process that stakeholders can be confident in.

5.6 The operation of the 'incubator' and 'solution bridge' activities has the potential to be market distorting. The Commission may need to satisfy itself that these activities will not distort the market and have the effect of reducing commercial supply of interoperability ICT solutions.

5.7 If market distortion is a valid concern, then the incubator should instead focus on developing or adopting standards and utility libraries rather than providing 'turn-key' solutions. This will reduce the market distortion while still making it easy for standards to spread.

5.8 Article 13 states that solutions established or operated by the ISA² programme may be used by non-Union initiatives for non-commercial purposes. The restriction to non-commercial purposes may limit the impact of ISA²: if civil society organisations cannot build upon the work of ISA² for commercial purposes they are less likely to engage with the programme.

5.9 The public mood in relation to the digital capability of the state presents a risk to the success of interoperability proposals. As citizens have learnt more about the scope, nature and power of the 'surveillance state', so they have become more concerned about the safeguards required to be in place (see <https://www.privacyinternational.org/blog/defining-the-surveillance-state>). Citizens are becoming increasingly concerned about their right to privacy and the ethical implications of connected, shared data, yet this proposal says virtually nothing about public understanding of connected data or interoperability. Similarly, the European Data Protection Supervisor has concerns regarding the processing of personal data in more than one European state, an activity that interoperability is likely to facilitate. The EESC would also draw attention to one of its earlier opinions in relation to data protection and highlight the need to strengthen safeguards for citizens in relation to their personal data ⁽²⁾, (See letter from the European Data Protection Supervisor on the proposed General Data Protection Regulation:

https://secure.edps.europa.eu/EDPSWEB/webdav/site/mySite/shared/Documents/Consultation/Comments/2014/14-02-14_letter_Council_reform_package_EN.pdf).

⁽²⁾ OJ C 229, 31.7.2012, p. 90-97.

5.10 The proposal would be strengthened if it mentioned and addressed such concerns. Moreover, the programme design may be strengthened by more explicit mention of working with civil society organisations and academia in order to understand and address public understanding and to strengthen the ethical safeguards that are increasingly important to the reputation and public trust of public administrations.

5.11 The final detailed comment is of a technical nature. The Universal Character Set is crucial to multilingualism being applicable to written languages. The High Level Group on Multilingualism, set up by EU Education Commissioner Ján Figel in autumn 2006, published on the European Day of Languages 2007 its final report (See <http://www.lt-innovate.eu/resources/document/ec-high-level-group-multilingualism-final-report-2007>). It contains the following recommendation: ‘... the databases for internal document management and the interfaces of software application and hardware equipment have been built around Unicode, allowing representation of the alphabets of all languages. The Group appeals to those authorities in the Member States and webmail providers who have not yet done so to change over to Unicode in order to avoid continuing discrimination of EU citizens on the grounds of nationality or language. A subset of the UCS shall be specified for manageability; this could be a selection in the Latin script or the Latin, Greek and Cyrillic script (the UCS holds over 90 000 characters).’

5.12 For multilingualism reasons, every IT solution must be compatible to the Universal Character Set (Unicode, ISO/IEC 10646), as demanded by the final report of the High Level Group on Multilingualism (2007). Therefore, if there is a current or potential future legal requirement for European level interoperability, it is recommended that a subset of the UCS shall be specified for manageability.

Brussels, 15 October 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

Opinion of the European Economic and Social Committee on the ‘Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth’

COM(2014) 130 final

(2015/C 012/17)

Rapporteur: **Stefano PALMIERI**

On 16 May 2014, the European Commission decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on the

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth

COM(2014) 130 final.

The Subcommittee on Taking stock of the Europe 2020 strategy, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 5 September 2014.

At its 502nd plenary session, held on 15 and 16 October 2014 (meeting of 15 October), the European Economic and Social Committee adopted the following opinion by 168 votes to 7 with 6 abstentions.

1. Introduction

1.1 Four years on from the introduction of the Europe 2020 strategy (EU 2020), the European Commission has published a communication entitled *Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth* and has embarked on a public consultation ⁽¹⁾ on the strategy in preparation for its mid-term review.

1.2 This opinion, a formal response to the Commission referral, also forms part of the EESC's integrated assessment responding to the request for an exploratory opinion on the forthcoming mid-term assessment of the Europe 2020 strategy made by the Italian Presidency of the Council of the European Union.

1.3 The EESC is preparing a comprehensive mid-term assessment of the Europe 2020 strategy, which will comprise the following documents:

- a project report aimed at exploring in greater depth the conceptual and practical aspects of Europe 2020's governance;
- the present opinion, SC/039;
- contributions from the Committee's sections and CCMI, observatories and Liaison Group with European civil society organisations and networks;
- contributions from national ESCs and similar organisations;
- the conclusions and recommendations of the study commissioned by the EESC's EU 2020 steering group, drawn up by A. Bellagamba, entitled *Priorities, challenges and prospects for civil society: involvement in the Europe 2020 strategy beyond 2015* — *Case study of four Member States (BE-FR-IT-NL)*.

⁽¹⁾ See the European Commission website: http://ec.europa.eu/europe2020/public-consultation/index_en.htm

1.4 The package forming the EESC's mid-term assessment will be presented at the high-level conference organised under the Italian Presidency of the Council of the European Union, on *Towards a more effective Europe 2020: civil society's proposals for boosting social inclusion and competitiveness in Europe*, which will take place on 4 and 5 December 2014 in Rome.

1.5 With a view to presenting the proposals for reform of the Europe 2020 strategy drawn up by the different EESC internal bodies ⁽²⁾ and which have been discussed in depth at the meetings of the working groups, recommendations have been included in point 4: **The EESC's recommendations to ensure a genuine reform process for the Europe 2020 strategy.**

2. The Europe 2020 strategy's first four years: the effects of the crisis on long-term trends

2.1 The Europe 2020 strategy was born out of the laudable intention of boosting the EU's competitiveness and employment — targeting structural issues — and at the same time ensuring economic, social and territorial cohesion for its citizens. It is against this already difficult backdrop that we have experienced one of the deepest crises of the last eighty years in terms of intensity and duration, with far-reaching consequences for the strategy itself.

2.1.1 The crisis has aggravated the already widespread economic and social disparities within the EU, highlighting differences in terms of competitiveness and social cohesion, increasing the tendency towards polarisation of growth and development, with obvious constraints in terms of fair redistribution of income, wealth and well-being, between the Member States and, within them, between the regions of Europe ⁽³⁾.

2.2 An analysis of the development and consequences of the crisis — based on a reading of the Commission communication and its annexes ⁽⁴⁾ — shows how it has adversely affected implementation of the Europe 2020 strategy, in terms of the effectiveness, appropriateness and legitimacy of its governance model and targets.

2.3 Since the architecture of the EU's economic governance is heavily geared towards austerity policies, it has put the achievement of the Europe 2020 strategy's medium- and long-term goals in second place after fiscal discipline.

2.3.1 The EESC considers that action is needed, in order to strengthen the policies designed to consolidate public finances in some Member States. It points out, however, that while austerity policies may boost competitiveness and cohesion if implemented during a period of economic growth, if applied 'automatically' in a period of recession, which is the situation currently faced by most Member States, such policies have a detrimental effect on growth. This is demonstrated by the fact that in many Member States, these policies have not produced the expected results in terms of fiscal consolidation ⁽⁵⁾, which has slowed down or even delayed economic recovery and exacerbated already worrying situations of social disintegration.

2.4 Management of the crisis by means of the EU's economic governance has hampered progress on the strategy's medium- and long-term targets. In some Member States, this has created problems that could in some cases become structural barriers and limits to the EU's economic development and social cohesion.

⁽²⁾ EESC (2014) Contributions of the Committee sections, the Labour Market Observatory/Single Market Observatory/Sustainable Development Observatory/CCMI and the Liaison Group — Towards the Europe 2020 Strategy mid-term review. Europe 2020 Steering Committee.

⁽³⁾ 'On average in Europe in 2012 people in the highest (fifth) income quintile earned nearly 40 % of total income, and people in the lowest (first) quintile earned less than 10 %'. Eurostat (2014) Statistics in focus 12/2014.

⁽⁴⁾ For reasons of space, this opinion does not include all the statistical data presented in the two documents referred to: COM(2014) 130 final — Annexes 1 to 3.

⁽⁵⁾ In the 28 EU Member States in the period from 2007 (the last year before the crisis erupted) to 2013, public debt rose from 58,8 % to 87,1 %, which is an increase of 28,3 percentage points. For the 18 Member States in the euro area, the figure rose from 66,2 % to 92,6 %, or an increase of 26,4 percentage points. Eurostat database: General government gross debt.

2.5 Today, despite some encouraging results achieved in: A) combating climate change and in promoting sustainable energy, and B) education and reducing early school leaving, there are extremely worrying signs regarding spending on research and development (R&D), the labour market and the fight against poverty and social exclusion.

2.5.1 As regards expenditure on research and innovation (R&I) the crisis appears to have widened the gap between EU Member States; Member States under great pressure to achieve fiscal consolidation (often the same Member States that are lagging behind in innovation) have cut their public spending on R&I significantly ⁽⁶⁾. In the EU, spending on research and development (R&D) remains almost one percentage point below the target of 3 % and the projection for 2020 appears to stand at 2,2 %, having been adversely affected by the low level of private investment and by the rather unambitious targets set by the Member States.

2.5.2 As regards the labour market, the employment rate in recent years, which has stagnated — remaining below the Europe 2020 target (68,4 % in 2013: 74,2 % for men and 62,5 % for women) — reveals some particularly worrying indicators:

- unemployment stands at 26,2 million;
- 9,3 million 'discouraged' workers are willing to work but have given up looking for a job;
- 12 million people have been unemployed for more than a year;
- since 2008, (the first year of the crisis) six million jobs have been lost in the EU (with all that this implies in terms of loss of professional skills and know-how);
- 5,5 million young people (under the age of 25) are unemployed.

This is a situation that is already particularly worrying and which, in some EU Member States, is worsening for young people, for those who have been pushed out of the labour market having reached a certain age and for women on the labour market.

2.5.3 With regard to people at risk of poverty and social exclusion, between 2009 and 2012, the figures rose from 114 million to 124 million. This is a trend that could further deteriorate, bearing in mind any delayed impact of the crisis. The EU target for reducing the number of people at risk of poverty or social exclusion to 96,4 million — by 2020 — will be hard to achieve, given that by 2012, the figure already stood at 28 million above the target.

2.5.4 What makes an already serious situation even more problematic is the rise in the number of people living in a state of material deprivation and the percentage of people of working age living in households in which no one works.

2.5.5 The crisis has heightened the already considerable disparities between Member States, highlighting significant differences in terms of competitiveness and social cohesion. These disparities clearly demonstrate the need for proposals for reform to ensure that measures are as effective as possible where problems are most serious.

2.5.6 All these figures show very clearly how it is important to focus on investments on growth to support competitiveness and conditions for companies, particularly SMEs, to be able to maintain and create jobs.

3. Analysis of the key strands of the Europe 2020 strategy: governance, targets, participation and implementation

3.1 An analysis of the results achieved so far clearly reveals a strategy that has proved to be largely insufficient to achieve the targets it has set itself. A process of reforming the Europe 2020 strategy should be carried out in order to make it efficient and effective, thereby averting the danger that it might fail, as happened with the Lisbon Strategy that preceded it. It is highly important to focus on a number of objectives, to ensure coherence among them and guarantee their implementation.

⁽⁶⁾ Veugelers, R. (2014) *Undercutting the future? European research spending in times of fiscal consolidation*. Bruegel Policy Contribution. Issue 2014/06.

3.2 The Europe 2020 strategy's main problems can be seen in the areas of governance, the targets set, civil society participation and its implementation.

3.3 The EU 2020 system of governance is weak and ineffectual in compelling Member States to honour their commitments to achieving the targets (and the flagship initiatives) contained in the strategy.

3.3.1 The architecture of the strategy's governance has formalised a structural distortion in which economic aspects take precedence over social and environmental governance, subordinating the Europe 2020 targets to the macro-economic priorities of the European Semester, thereby jeopardising achievement the targets for EU competitiveness and social cohesion and sustainable management of natural resources.

3.3.2 The European Semester, which begins with the Annual Growth Survey (AGS) and ends with the drafting of 'country-specific recommendations' has often set priorities that do not effectively contribute to achieving the Europe 2020 strategy's targets. What is more, the country-specific recommendations are not taken on board by the Member States when framing their annual national strategies (national reform programmes) or in the related decisions on the budget, structural reforms, employment policies and social policies⁽⁷⁾.

3.4 When the Europe 2020 strategy was drawn up, the setting of proposed targets and related indicators was not only not binding; it was not subject to a process of consensus-building among the European public. To date, with the exception of targets for the reduction of greenhouse gas emissions and for the use of renewable energy sources, which are covered by a legally binding framework, each country has been able to set its own targets, which have often been unambitious.

3.4.1 The quantitative measurement of the targets is not backed by a qualitative assessment: the 'smartness' of a socio-economic system cannot be measured solely on the basis of quantitative indicators such as research spending or the number of new jobs created; use should also be made of qualitative indicators such as the type of innovations brought to the 'market', and the quality of the jobs created.

3.5 The Europe 2020 strategy does not involve organised civil society adequately, at either national or European level. The reasons for this are as follows:

- the limited measures to communicate and disseminate the Europe 2020 strategy have meant that it is principally experts in the field that are familiar with it and involved in it;
- the reluctance of some Member States to involve organised civil society in the process of planning measures to be carried out under the Europe 2020 strategy;
- the lack of a real link between civil society action at European level and at national and local level;
- the steps taken to tackle the effects of the crisis (including the European Semester timetable) overlap with Europe 2020 initiatives, making it more difficult for the social partners and civil society representatives and economic partners to understand the process of developing the strategy and to take part in it;
- the inadequate financial resources available do not permit organised civil society to be involved in the Europe 2020 strategy in a meaningful and effective way;
- an inadequate involvement of the social partners in the consultation process in the framework of the European Semester in some countries.

⁽⁷⁾ European Parliament (2014) Study — A 'traffic light approach' to the implementation of the 2011 and 2012 Country Specific Recommendations (CSRs). Economic Governance Support Unit.

3.6 Despite the procedures agreed at the European Council, the numerous cooperation programmes currently running in the EU and the awareness that the challenges and targets set out in the Europe 2020 strategy cannot be addressed effectively through the action of individual national systems on their own, implementation of the Europe 2020 strategy has suffered from a lack of genuine cooperation and solidarity between Member States.

3.7 The flagship initiatives could have made a decisive contribution to coordinating European and national policies to help achieve the targets set in the Europe 2020 strategy, in order to boost economic growth and employment through more efficient use of levers for development and through the opportunities offered by the Structural Funds⁽⁸⁾, European territorial co-operation⁽⁹⁾ and programmes under direct management. The flagship initiatives should be more manageable and understandable, with greater interactions and without any overlaps.

THE EESC'S CONCLUSIONS AND RECOMMENDATIONS FOR GUARANTEEING A GENUINE PROCESS OF REFORM FOR THE EUROPE 2020 STRATEGY

4. Towards a new conceptual framework for the Europe 2020 strategy

4.1 The EU faces a double challenge: on the one hand, it must as soon as possible find a way out of the crisis that has caused such disruption to its economic and social system; on the other, it needs to strengthen the model of smart, sustainable and inclusive growth proposed by the Europe 2020 strategy in order to tackle the structural causes of the European system's lack of competitiveness.

4.1.1 Against this backdrop, the EESC deems it necessary to promote a development model in which the EU Member States, while continuing to pursue structural reforms geared to consolidating and ensuring the reliability of national finances, can — at the same time — support the implementation of policies that can: promote European competitiveness and its main stakeholders (workers, private businesses and social enterprises); promote the quantitative and qualitative growth of European investment (tangible, intangible and social); create more and better jobs; support social and territorial cohesion and address the problems related to high unemployment and rising levels of poverty and social exclusion⁽¹⁰⁾.

4.1.2 It would therefore be useful if economic and monetary union were made a factor for stability and for more robust and resilient growth, enhancing the Union's overall attractiveness as a location for production and investment, exploiting the full potential of all aspects of the single market, investing and making Europe's economy fit for the future, promoting a favourable climate for entrepreneurship and job creation, supporting environmental sustainability and building a stronger welfare system to cope with the changes and social problems.

4.2 The EESC considers that the proposal for a radical reform of how the EU 2020 strategy is implemented requires a thorough rethink of key concepts and aspects of the strategy that was introduced four years ago, as regards: the very development concept underpinning the strategy itself, the way in which targets are identified, as well as the policy for achieving, monitoring and evaluating them, the establishment of an efficient and effective multi-level governance of the strategy and improving participation by the European public and by civil society organisations.

4.3 To ensure that the development promoted by a reform of the EU 2020 strategy is truly sustainable, its holistic approach must be strengthened by combining the economic targets with the social and environmental ones. An approach should be adopted geared towards harnessing all possible forms of capital in space and time, thus meeting the needs of the present without compromising those of future generations.

⁽⁸⁾ Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013, OJ L 347, 20.12.2013, p. 320-469.

⁽⁹⁾ Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013, OJ L 347, 20.12.2013, p. 259-280.

⁽¹⁰⁾ Please see further the research project at <http://www.foreurope.eu/>

4.3.1 The concept of sustainable development should be linked with the relevant Europe 2020 targets, in line with those set out in Article 3(1)(2) and (3) of the Treaty on European Union ⁽¹¹⁾, promoting economic, social and territorial cohesion through greater cooperation and solidarity between Member States and through sustainable development based on balanced economic growth and a social market economy that is highly competitive and more focused on people's well-being, aimed at increasing competitiveness and full employment.

4.3.2 The Europe 2020 strategy must also reflect the role of the EU in the global context. The revision of the Europe 2020 strategy must tie in closely with the United Nations Post-2015 Sustainable Development Agenda ⁽¹²⁾ and provide for the proper implementation of the global Sustainable Development Goals in and by the EU.

4.3.3 In order to launch the long-term transition to a resilient and competitive, resource-efficient and inclusive EU economy, the EU will have to extend its planning horizon beyond 2020. Therefore, the revision of the Europe 2020 strategy should be urgently complemented with the initiation of a participatory process leading to an integrated political strategy for a sustainable Europe in a globalised world, with a time-horizon of at least 2030.

4.4 In line with the application of a holistic approach to the concept of sustainable development in the Europe 2020 strategy, greater support should be given to the targets' qualitative aspects. Growth means naturally increasing in size and thus implies a quantitative dimension, while development means increasing in quality and potential. The qualitative aspect of development can be harnessed by tapping into and building on a socio-economic system's specific characteristics and potential.

4.4.1 The Europe 2020 strategy's targets should no longer be subordinate to economic and budgetary targets but rather be on an equal footing, as part of a new framework of economic, environmental and social governance, especially in the context of the European Semester and, consequently, of the AGS, the national reform programmes and the country-specific recommendations.

4.4.2 The EESC reiterates that it is essential to identify a complementary measurement system to GDP in order to measure the impact of policies adopted in relation to society, families and individuals ⁽¹³⁾. In this context it will be necessary to implement the social scoreboard and to guarantee its real application within the European Semester ⁽¹⁴⁾.

4.4.3 It is therefore crucial to develop a monitoring system based on indicators that take account of households' disposable income, the quality of life, environmental sustainability, social cohesion and the health and overall well-being of present and future generations. With regard to the implementation and management of the new monitoring system, the EESC believes that a new structure should be set up, involving the relevant institutions.

4.5 The Europe 2020 strategy will only succeed if it has a form of multi-level governance designed to meet the many challenges that lie ahead, and if the general guidelines that have been agreed at European level result in tangible national and regional action.

4.5.1 The economic governance of the EU in general and of EMU in particular should therefore be strengthened, making it an integral part of the Europe 2020 strategy. This will make it possible to ensure the implementation of structural reforms, through an effective process of sharing and taking ownership by the Member States. There will consequently be a need to establish genuine cooperation in the steering, sharing, and monitoring tasks exercised by the European Council, the Competitiveness Council, the Commission and the European Parliament.

4.5.2 Member States must take due account of the country-specific recommendations adopted by the European Council, when drawing up the annual national strategies laid down in the national reform programmes and in decisions on budget, structural reforms, employment policies and social policies.

⁽¹¹⁾ OJ C 83, 30.3.2010.

⁽¹²⁾ <http://sustainabledevelopment.un.org/index.php?menu=1561>

⁽¹³⁾ OJ C 181, 21.6.2012, p. 14–20.

⁽¹⁴⁾ Strengthening the Social Dimension of the Economic and Monetary Union COM(2013) 690 provisoire.

4.6 Organised civil society should be given a greater role in the various stages of the process of planning and implementing European policies. Achieving the Europe 2020 strategy targets should be supported by strengthening the role and involvement of civil society when drawing up the Annual Growth Survey, the national reform programmes and the country specific recommendations. This reinforcement should be achieved by adopting a more effective and fast-moving timetable for the European Semester, to enable organised civil society to put forward its assessments early enough to ensure it can contribute effectively to the decision-making process. This should take place at the three levels of governance covered by the strategy: European, national and regional.

5. Cross-cutting and sectoral policies to back up the Europe 2020 strategy

5.1 In order to make the Europe 2020 strategy a lever for competitiveness and cohesion to support sustainable and inclusive economic growth in Europe over the next five years, the EESC believes that there is a need to implement an integrated strategy comprising **cross-cutting** (or horizontal) **policies** and **sectoral** (or vertical) **policies**.

5.1.1 **Cross-cutting** (or horizontal) **policies** should have the task of establishing suitable conditions for promoting the key players in boosting European competitiveness: **workers, businesses and social economy enterprises**.

5.1.2 **Sectoral** or vertical **policies** should represent pillars guaranteeing the effective relaunch of the Europe 2020 strategy: **industrial policy** renewal, **energy policy** unification, strengthening **research and innovation** and **promoting factors for boosting the competitiveness of the European economic system, linked to the welfare system and to the fight against poverty and social exclusion** ⁽¹⁵⁾.

5.2 The key players in **cross-cutting policies** under the new Europe 2020 strategy should be **workers, private businesses** ⁽¹⁶⁾ and **social economy enterprises** ⁽¹⁷⁾.

5.2.1 Where social partners are concerned, the creation of quality jobs should be made a central priority for the EU 2020 strategy, as a tool for tackling the increasing fragmentation of the labour market and unemployment.

5.2.1.1 It is essential that education, retraining and lifelong learning systems match labour market requirements and developments.

5.2.1.2 Entrepreneurship education and the development of new approaches and learning systems should be promoted in order to equip people with the right skills to make the most of human capital.

5.2.1.3 It is important to promote and support the role of public employment services in guiding, integrating and re-integrating people into the labour market.

5.2.1.4 Greater commitment should be given to policies to support employment, especially for young people, for those who have left the labour market having reached a certain age, for women, and for people with differing abilities. It is also important to pay closer attention to the labour-related issues of people not included in official statistics because they are excluded from the labour market (such as homeless people or those without a permanent address, Roma, etc.).

5.2.1.5 It would be useful to set a new target under the Europe 2020 strategy: to halve youth unemployment by 2020.

5.2.2 As regards **businesses**, specifically SMEs, a modern business culture should be promoted which, based on the priorities set by the 'Small Business Act' ⁽¹⁸⁾ and 'Entrepreneurship 2020' ⁽¹⁹⁾, can help businesses transform the opportunity presented by access to European funding and technological innovation as development levers to support competitiveness and employment.

⁽¹⁵⁾ For a closer look at the measures proposed, see EESC (2014) op. cit.

⁽¹⁶⁾ We use the all-encompassing term of business both for the individual businessman (whether self-employed, working in the liberal professions, paying an employee's social contributions, etc.) and for companies (micro, small, medium-sized and large).

⁽¹⁷⁾ The social economy encompasses SMEs, large companies, cooperatives, mutual aid societies, associations, foundations, social NGOs, etc.

⁽¹⁸⁾ A *Small Business Act for Europe*, (COM(2008) 394 final/2).

⁽¹⁹⁾ OJ C 271, 19.9.2013, p. 75-80.

5.2.2.1 The conditions should therefore be guaranteed enabling economic operators to compete in a market where distortions caused by red tape and unfair and unregulated methods and practices are eliminated.

5.2.2.2 Consideration should also be given to the possibility of promoting specialised assistance for SMEs ⁽²⁰⁾ in specific areas such as start-ups, internationalisation, tapping into the capital market, research, development and innovation.

5.2.3 Social economy enterprises are key elements of the European social model, in that they are, especially at local and regional level, drivers of social innovation and vehicles for creating jobs, sustainable growth and cohesion. They introduce new and flexible methods of delivering services and innovation in products, processes and organisations.

5.3 A successful relaunch of the Europe 2020 strategy will depend on how effectively it manages to promote the following **sectoral policies**.

5.3.1 **Boosting European industrial policy** will guarantee that the competitiveness of European industry improves. The EU needs to regain its competitive edge where systems are concerned and to do so, it must have its own industrial policy. The manufacturing sector needs to regain a 20 % share of GDP (in 2012, this stood at 15,3 %).

5.3.1.1 What is needed is an industrial policy capable of promoting:

- the strategic integration of the value chain in the different sectors: manufacturing, agri-food and services;
- a commitment to high-tech and medium-high tech industries and knowledge-intensive services;
- the development of a European market that is able to ensure fair competition for mid-level qualifications and to promote the mobility of workers and those in the liberal professions with medium and high degrees of specialisation and of services;
- functional links between the public sector and operators of knowledge-intensive services so as to improve and enhance public sector productivity;
- the harnessing of development opportunities arising from the green economy and support for the EU's ecological shift towards a production and consumption model that reflects the principle of sustainable growth (through links with the Post-2015 Development Agenda and Sustainable Development Goals) ⁽²¹⁾;
- the strategically important 'blue economy' sector, through innovation to convert the development opportunities associated with the main 'value chains' (blue industry; blue logistics; blue tourism; blue food; blue energy; blue resources) into economic, environmental and social benefits for European businesses and citizens.

5.3.2 It is essential to **promote a common EU energy policy**. Given energy's far-reaching implications for the economy, a serious industrial policy cannot take shape without common principles such as:

- adjusting and reducing differences in energy prices;
- improving conditions for the internal energy market;
- reducing energy dependency on non-EU States;
- promoting renewable energies.

⁽²⁰⁾ The EESC refers to the Report on Action Lines: *Bolstering the business of liberal professions* of the European Commission's Working Group on Liberal professions, published on 12 March 2014.

⁽²¹⁾ <http://www.wfuna.org/post-2015>

5.3.3 Developing **research and innovation (R&I) policies, harnessing information and communication technologies (ICT) and digitising the economy** are areas that offer significant potential for boosting Europe's competitiveness. New forms of efficient and effective cooperation between the public and the private sectors could be developed here.

5.3.3.1 The Committee therefore advocates:

- promoting streamlined and dynamic public agencies able to boost opportunities for medium- and long-term financing so as to ensure the vital link between science and industry;
- taking action to promote the use of ICT, as a means of revitalising economic operators (SMEs grow faster when they make use of ICT);
- stepping up financial support for research, development and innovation activity and in all Member States supporting closer cooperation between universities, research institutions and businesses;
- promoting the digitisation of the economy, which provides an opportunity to combine private interest with public benefit, because it allows entrepreneurs to fully exploit the opportunities offered by the market, while at the same time making new digital products and services available to the public.

5.3.4 The EESC believes that it is essential to promote **factors for boosting competitiveness linked to the welfare system**. The implementation of effective welfare policies could be a particularly important factor for boosting the EU's competitiveness, ensuring an environment in which risk factors that are unsustainable at individual level (for members of the public), can be countered through specific welfare policies. Greater efforts need to be made on protecting health and safety in the workplace. The EESC believes it is crucial to provide greater support for the integration of people with disabilities⁽²²⁾ and the gender dimension⁽²³⁾ and prevent discrimination and exclusion on the grounds of race, ethnic origin, age or sexual orientation.

5.3.4.1 In the light of projected population ageing⁽²⁴⁾ in Europe, it is crucial to maintain and, if possible, build on the commitments given on the issue of demographic change. If the positive aspects that demographic change brings with it are to benefit both older people and society as a whole, a fundamental precondition — that of people having the opportunity to age in good health and security⁽²⁵⁾ — must be met.

5.3.4.2 The EESC believes that economic policy measures should be subject to a prior impact assessment in order to counter measures that could raise levels of poverty or social exclusion.

5.3.4.3 Furthermore, an integrated strategy for active inclusion should be promoted to ensure:

- adequate income support;
- an inclusive labour market;
- access to high-quality work and services and the promotion of social innovation;
- deployment of the social economy in the strategically important areas of personal assistance and care services.

5.4 The EESC believes that to support the Europe 2020 strategy, we should promote an ambitious plan for tangible and intangible investments in infrastructure and for social investment aimed exclusively at restoring the EU's competitiveness⁽²⁶⁾. The Council must approve the additional appropriations needed to finance the plan, and the Commission must monitor its efficiency and effectiveness at the same time as it monitors each country's structural reforms.

⁽²²⁾ European Disability Strategy 2010-2020: A Renewed Commitment to a Barrier-Free Europe COM(2010) 636 final.

⁽²³⁾ Strategy for equality between women and men 2010-2015 COM(2010) 491 final.

⁽²⁴⁾ 2012 European Commission report on ageing.

⁽²⁵⁾ OJ C 51, 17.2.2011, p. 55-58.

⁽²⁶⁾ As proposed by Mr Jean-Claude Juncker, Candidate for President of the European Commission, in *Political Guidelines for the next European Commission*, 15 July 2014, Strasbourg.

In this regard the EESC would repeat the proposals it made in a recent opinion⁽²⁷⁾, firstly on the importance of public investment by the Member States, and secondly urging the attenuation, or temporary suspension during the crisis, of austerity policies.

In this spirit, the EESC recommends applying the rules of the Stability and Growth Pact with all the flexibility that the economic and social situation demands.

5.4.1 'Tangible' infrastructure investments should focus on two main strands. The first would be to ensure maintenance, restoration and modernisation of architectural heritage, both of historical buildings and housing, and of transport networks (rail, road and sea). Equally important is the maintenance and safeguarding of Europe's hydro-geological and coastal heritage. The second strand would cover 'intangible' investments linked to the development of information and communication technology networks. Funding for this type of investment could be provided through the involvement of the European Investment Bank, the issuing of specific European bonds and the reorganisation of the multiannual financial programme 2014-2020, which is due to take place in 2016.

5.4.2 Social investment must be capable of countering poverty and the risk of social exclusion and of boosting job recovery in Europe. What is needed is an investment plan representing around 2 % of GDP that is excluded from deficit calculations and is monitored to ensure that conditions are in place for efficiency and effectiveness. A plan of this nature could be geared towards: healthcare services, assistance and care services closely linked to Member States' demographic trends, strengthening the education system, vocational training and retraining, social housing, etc. As well as being excluded from deficit calculations, funding could be secured by a financial transaction tax.

Brussels, 15 October 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

⁽²⁷⁾ Opinion of the EESC on *Completing EMU — The proposals of the European Economic and Social Committee for the next European legislature*, rapporteurs: Mr van Iersel and Mr Cedrone, not yet published in OJ.

Opinion of the European Economic and Social Committee on the 'Proposal for a Directive of the European Parliament and of the Council facilitating cross-border exchange of information on road safety related traffic offences'

COM(2014) 476 final — 2014/0218 (COD)

(2015/C 012/18)

On 29 July 2014, the Council decided to consult the European Economic and Social Committee, under Article 194(2) of the TFEU, on the

Proposal for a Directive of the European Parliament and of the Council facilitating cross-border exchange of information on road safety related traffic offences

COM(2014) 476 final — 2014/0218 (COD)

Since the Committee unreservedly endorses the content of the proposal and feels that it requires no comment on its part, it decided, at its 502nd plenary session of 15 and 16 October 2014 (meeting of 15 October), by 172 votes to 1 with 2 abstentions, to issue an opinion endorsing the proposed text.

Brussels, 15 October 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

Opinion of the European Economic and Social Committee on the Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 1343/2011 of the European Parliament and of the Council of 13 December 2011 on certain provisions for fishing in the GFCM (General Fisheries Commission for the Mediterranean) Agreement area

COM(2014) 457 final — 2014/0213 COD

(2015/C 012/19)

On 17 July 2014, the European Parliament and on 31 July 2014, the Council respectively decided to consult the European Economic and Social Committee, under Article 43(2) of the TFEU, on the

Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 1343/2011 of the European Parliament and of the Council of 13 December 2011 on certain provisions for fishing in the GFCM (General Fisheries Commission for the Mediterranean) Agreement area

COM(2014) 457 final — 2014/0213 COD.

Since the Committee unreservedly endorses the content of the proposal and feels that it requires no comment on its part, it decided, at its 502nd plenary session of 15 and 16 October 2014 (meeting of 15 October 2014), by 172 votes with 4 abstentions, to issue an opinion endorsing the proposed text.

Brussels, 15 October 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

Opinion of the European Economic and Social Committee on the Proposal for a Directive of the European Parliament and of the Council relating to a reduction in the sulphur content of certain liquid fuels (codification)

(COM(2014) 466 final — 2014/0216 COD)

(2015/C 012/20)

On 8 September 2014 the Council decided to consult the European Economic and Social Committee, under Article 192(1) of the TFEU, on the

Proposal for a Directive of the European Parliament and of the Council relating to a reduction in the sulphur content of certain liquid fuels (codification)

COM(2014) 466 final — 2014/0216 COD.

Since the Committee unreservedly endorses the content of the proposal and feels that it requires no comment on its part, it decided, at its 502nd plenary session of 15 and 16 October 2014 (meeting of 15 October), by 150 votes to 1 with 2 abstentions, to issue an opinion endorsing the proposed text.

Brussels, 15 October 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

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