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## I

*(Resolutions, recommendations and opinions)*

## OPINIONS

## EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

**504TH EESC PLENARY SESSION OF 21 AND 22 JANUARY 2015**

**Opinion of the European Economic and Social Committee on the ‘Civil society contribution to the review of the EU-Central Asia Strategy’**

**(exploratory opinion)**

(2015/C 242/01)

**Rapporteur: Jonathan PEEL**

**Co-Rapporteur: Dumitru FORNEA**

In a letter dated 25 September 2014, Acting Minister of Foreign Affairs-Minister of Interior of the Republic of Latvia, Rihards Kozlovskis, asked the European Economic and Social Committee to draw up an exploratory opinion on the

*Civil society contribution to the review of the EU-Central Asia Strategy.*

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 17 December 2014.

At its 504th plenary session, held on 21 and 22 January 2015 (meeting of 21 January), the European Economic and Social Committee adopted the following opinion by 180 votes to 2 with 18 abstentions.

## **1. Conclusions and recommendations**

1.1. The Committee warmly welcomes the incoming Latvian EU presidency's request for an exploratory opinion on the upcoming biennial review of the EU Strategy for a New Partnership with Central Asia <sup>(1)</sup> and, in particular, its proposal to deepen EU relations with the five Central Asian countries <sup>(2)</sup> into an effective partnership as one of its main foreign policy priorities.

1.1.1. In so doing, the Committee would again draw attention to the conclusions and recommendations set out in its 2011 opinion on Central Asia <sup>(3)</sup>, which remain valid.

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<sup>(1)</sup> European Union and Central Asia: A Strategy for a New Partnership, Council QC-79.07.222.29C, October 2007.

<sup>(2)</sup> Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

<sup>(3)</sup> CESE 1010/2011, OJ C 248, 25.8.2011, p. 49.

1.2. The Committee notes the Council conclusion adopted during the previous review that the EU Strategy has proved itself and remains valid <sup>(4)</sup>. Any attempt by the EU to deepen its relations with the five Central Asian countries must remain on a pragmatic basis and adapted to the changing political, economic and social realities of the region, whilst not neglecting key human rights values and principles, and with sufficient flexibility where possible to facilitate the development of mutually beneficial relationships.

1.2.1. Above all, the EU will not need reminding that, unlike Europe, there is no real sense of regional affinity between these countries, which must be dealt with individually, and that any deepening or widening of its involvement here will inevitably affect the EU's wider relations with Russia. The EU must take into account existing power structures in the region, whilst reserving the right to act independently. As these five countries were part of the former Soviet Union, Russia considers them, like Ukraine, to be in its own sphere of influence. As a result, it is essential for this review to be mutually informed with the overall EU approach to Russia and its relations with Russia.

1.3. The Committee notes that the strategic location of Central Asia has increased in importance since 2011, especially in the light of the Ukraine crisis. It also notes that Chinese involvement in the region is growing exponentially. The region is therefore important for EU-China relations and presents a key opportunity to strengthen the EU-China Strategic Partnership, especially through greater cooperation in the areas of energy and transport. We recommend that this be fully investigated.

1.3.1. The Partnership Strategy recognises energy and transport as a priority area. The Committee repeats its 2011 recommendation that the viability of EU links with Central Asia's considerable potential energy reserves must be based on practical and economic considerations. The EU is right to participate in the development of the energy sector in these countries, not least because their reserves offer Europe additional and complementary (as opposed to alternative) sources of energy, albeit complicated by issues of transit and transport. However, it will be important to avoid any potential misunderstanding with China in the context of our mutual interest to increase energy supplies from Central Asia.

1.3.2. We strongly recommend that the EU's considerable expertise in enhancing cooperation to improve energy efficiency and deploy renewable energy sources be deployed, as there is significant untapped potential in the region; widening regional cooperation with the EITI <sup>(5)</sup> is also a key objective.

1.3.3. The Committee also repeats its 2011 recommendation that China's and the EU's proposed transport corridors need to become fully aligned, not least where possible in rail infrastructure. We also recommend putting greater effort into getting results from the IGC TRACECA <sup>(6)</sup> (Intergovernmental Commission for the Europe-Caucasus-Asia transport corridor) to speed up the development of a sustainable infrastructure chain, ensuring multi-modal transport (notably rail and road infrastructure) through linking the corridor with the Trans-European Transport Networks (TENs).

1.4. However, the EU will not win hearts and minds in Central Asia by only pursuing economic goals. The partnership strategy also places emphasis on human rights, the rule of law, good governance and democratisation. It must encourage confidence building within the existing power structures. Here the region still faces difficult challenges due to the painful transition from command to national market-oriented economies, hampered by endemic periods of ethnic, environmental and economic turbulence.

1.4.1. The partnership strategy underlines, in particular, the EU's ability to offer 'experience in regional integration leading to political stability and prosperity', with specific reference to Member States which joined the EU in 2004 or later. The Committee therefore strongly urges the Latvian presidency to encourage its fellow Member States to share their experiences in handling the transition from command economies, in developing e-governance (and in particular the 'e-silk-highway') and other areas of support that could offer added value, especially if connected with efforts to strengthen the rule of law.

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<sup>(4)</sup> See press release Council Conclusion on Central Asia, June 2012.

<sup>(5)</sup> Extractive Industries Transparency Initiative.

<sup>(6)</sup> <http://www.traceca.org/en/traceca/>

1.4.2. The recommendations of the Committee's Opinion on 'Sustainable change in transition societies' <sup>(7)</sup> are also important here. In addition, we would point out that business and unions, both separately and as social partners, also have a key role to play, using their existing links and not least in encouraging Central Asian governments to recognise more fully the positive role played by civil society. To promote this and to promote investment we recommend that an EESC delegation visit Central Asia at an early opportunity.

1.4.3. The Committee is particularly concerned at reports that the role of the EU Special Representative has not been renewed, and strongly recommends that this post be reinstated as soon as possible.

1.5. Youth and Education are particularly important. Here the Committee welcomes the revised, highly sought after EU Erasmus + programme, which helps develop even deeper educational ties and mobility at tertiary level, to be accompanied by visa facilitation and fee waivers for the region's most gifted students.

1.5.1. Half the population of Central Asia is under 25. Secondary level education is therefore at least as important as tertiary level. The Committee urges increased EU activity and support here, not least through the provision of textbooks (where there is a shortage at secondary level) and wider EU information in local languages. Greater support for teachers, perhaps as part of the wider rural development programme, and a greater outreach to involve parents should also be considered. Increasing the general level of education should also help decrease possible radicalism among local youth.

1.5.2. The Committee also recommends both a greater emphasis on providing support for teaching science in Central Asia, where historically it has been important and where there have been links with the Baltic States in particular, as well as the provision of an enhanced media presence in the region through European television and radio networks, such as Euronews or Euranet, with programmes in local languages.

1.6. Nevertheless, the Committee strongly believes that human rights can best be promoted by developing and promoting contact with local civil society and enhancing its capacity to develop into an effective partner and interlocutor with governments, thereby also strengthening the rule of law alongside an independent judiciary.

1.6.1. The encouragement of a non-partisan civil service and a greater role for local civil society remains critical, especially as there is little real tradition of either. The engagement of the EU itself with local civil society at wider and deeper levels as part of the human rights dialogue is essential and needs to be strengthened, not least through greater use of the internet and relevant websites.

1.6.2. One of the first results of the EU's Central Asia Strategy in 2007 was the setting up of the EU Human Rights Dialogue Process. On average, some six rounds of such dialogues have been conducted with each country. Whilst the Committee warmly welcomes the EEAS briefings for civil society organisations (CSOs) in Brussels, we nevertheless urge a significant increase in meetings with Central Asian CSOs on the ground. These appear to have been held only on an ad hoc basis, and, in most cases, only before the dialogue, and do not always cover the issues that CSOs see as most important.

1.6.3. The Committee regrets that the role of the traditional, more rural *ashar/hashar* forms of community/self-help associations, which are deeply rooted in both nomadic and settled areas of Central Asia, have so far been largely overlooked by the EU, which would appear only to provide funding to well-established professional NGOs. This also needs urgent rectification.

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<sup>(7)</sup> OJ C 67, 6.3.2014, p. 6.

1.7. This opinion does not have enough space for the Committee to comment on many specific areas covered by the partnership strategy, but environmental sustainability and water remain fundamentally important. The Committee would urge greater emphasis on energy efficiency, food security and food safety, but above all on water efficiency, and a concentrated effort to reduce the extremely high rate of water wastage. Water is a vital commodity in the region and should form the basis for whatever support the EU is able to offer to local agriculture.

1.7.1. The Committee reiterates its 2011 recommendation covering the linked but difficult issues of food security, water security and energy supply. Once again, it urges the EU to play a greater role in encouraging the five states to work together to tackle these problems holistically, not least due to the practical experience the EU already has in helping others in this area, and to encourage greater mutual trade in agri-food products.

## 2. Background

2.1. The incoming Latvian EU presidency has made the deepening of EU relations with the five Central Asian countries one of its main foreign policy priorities. In early 2015, Council conclusions will be adopted following the EEAS's biennial review of the EU's Central Asia Strategy. The Committee has been asked, in particular, to cover the key issues arising from the current geopolitical and strategic situation, especially where there is a clear potential for developing a real partnership between the EU and amongst the Central Asian countries.

2.1.1. These issues include security; education; energy; transport; environmental issues, including rural development; the wider aspects of sustainable development; and the business environment, including SMEs, trade and investment.

2.1.2. It is not necessary to repeat many of the background details in the 2011 opinion here. However, it is important to recall that although the five countries cover a very large area, the total population (2013) is only some 66 million. These comparatively new states are still taking shape. Only independent since 1991, following the collapse of the Soviet Union, none had any previous national liberation movement. Most have tense relationships with their neighbours, not least due to borders that often bear little relation to ethnic boundaries and this can spill over into violence. What little sense of cohesion remains, however, can also be a negative factor since it is a reminder of Soviet times. Difficult challenges also remain due to the painful transition to national market-oriented economies. The mind-set of ruling elites has not changed much either: the old Soviet nomenklatura administrative structures have transformed into oligarchic, clan or family bureaucracies.

2.1.3. The five countries are also at very different stages of development. Kazakhstan is emerging as a key player in the region, with whom EU relations are progressing strongly. Kyrgyzstan and Tajikistan are much poorer, but are relatively open with some civil society involvement. The EU relationship is also growing with Uzbekistan, but Turkmenistan remains the most closed country in the region, with no effective independent civil society.

## 3. Strategic crossroads

3.1. Despite its inhospitable terrain, Central Asia's importance as a strategic crossroads has increased since 2011. Its location also makes the region highly dependent on neighbouring countries for transport access routes to international markets.

3.1.1. Russian influence is strong and has become subject to even greater regional and international attention following the crisis in Ukraine and Russia's repudiation of international treaties. Russia's president is widely perceived as wishing to restore its former spheres of influence. This in turn is leading to heightened concerns about a return to Cold War days and an increase in the potential threat not only to other former Soviet countries, but also to wider interests. In addition it is important not to underestimate the prominent role of Russian 'soft power' through radio and television, aided by the fact that Russian is the region's main means of communication and the high proportion of migrants from the region now working in Russia.

3.1.2. In particular, international focus and attention on energy (and natural resources) has increased, although Chinese involvement in the region was already very high. In addition, the prospect of an end to the Afghan war and diminishing US involvement may encourage militant Islamism, and the rise of the so-called Islamic State.

3.2. Many see Central Asia as the main arena for renewed Sino-Russian rivalry, with the EU as a bystander. The 2008 financial crisis boosted China at the expense of Russia. In energy terms, the two countries have not enjoyed an easy partnership and, by playing a more active role in Central Asia, China has effectively challenged Russian dominance here. This might in time be sufficient to make Russia seek closer links with the EU despite current tensions. For its part, China (like India) has been noticeably silent about the Ukraine crisis, with many not fully accepting European concerns.

3.2.1. China is also the driving force behind the Shanghai Cooperation Organisation (SCO), which includes Central Asia, Russia and Iran. Originally created to settle border issues, it has been helpful to China both in promoting itself with the new states and in boosting its own position in Xinjiang, on its side of the border. For Russia, the SCO has been important for maintaining its own influence against China's, but it also offers common ground to discuss security matters, including terrorism, extremism and separatism (the 'three evil forces').

3.2.2. China's increasingly important role in the region was shown in 2013, when President Xi launched his 'Silk Road Economic Belt' initiative, backed by a fund of USD 16,3 billion aimed at building closer links with Europe but also involving the countries *en route*. China's economic activity in the region has been spurred by its need for energy; it has been building both roads and pipelines, with heavy investment in particular in Turkmenistan gas, possibly more than that country is currently able to extract but in line with their vast reserves. Whereas Russia's 'Novosti' news agency reported <sup>(8)</sup> that Russia has offered Tajikistan USD 6,7 million in aid for rural restructuring, a Tajik Minister has since told the Financial Times that China will be investing at least USD 6 billion there by 2017 (nearly 70 % of Tajikistan's 2013 GDP, and over 40 times its annual FDI <sup>(9)</sup>).

3.2.3. As in Africa, however, China's input includes the mass importation of Chinese labour and civil engineering skills, which has led to some unpopularity, perhaps exacerbated in Tajikistan by the absence of so many local men working in Russia.

3.3. On 1 January 2015, led by Russia, the Eurasian Economic Union will come into being, arising out of the previous Customs Union. Kazakhstan will be part of this, as most likely will Kyrgyzstan, although that may lead to problems over its flourishing trade as an intermediary for exports from China. Tajikistan may also have no alternative but to join, not least because 52 % of its GDP is made up of remittances sent home by Tajiks working in Russia. As before, however, both Uzbekistan and Turkmenistan remain more wary of rebuilding ties with Russia.

3.3.1. However Kazakhstan sees this Union as essentially economic rather than political. It is anxious to maintain a balance between the various outside international interests. Kazakhstan is keen to initial its recently concluded Enhanced Partnership and Cooperation Agreement with the EU as soon as possible and it has joined the Asia-Europe Meeting (ASEM) <sup>(10)</sup>, the first Central Asian country to do so. It is regrettable that Kazakhstan's application to join the WTO was not finalised by the WTO Ministerial meeting in 2013, which many blame on delays brought about by its large Eurasian neighbour.

3.4. Although Islamist militancy is a minority phenomenon (religious fervour was a major factor in the 1990s Tajik civil war), each regime pursues aggressive secularist policies, which is counter-productive given the increasing demand for Muslim education, including from women. Most of the population is Sunni, and fighters from the region have been found in Syria. Iran is interested in strengthening its ties in the region, not only in terms of transport and energy infrastructure (and linkage with China), but also in the realm of culture and language. The Tajiks and significant parts of Uzbekistan (e.g. Samarkand, Bokhara) speak Farsi. Turkic being the other main local language, Turkey also has key interests in the region.

<sup>(8)</sup> 7 February 2014.

<sup>(9)</sup> 22 October 2014, quoted in 'The Diplomat' 11 November 2014.

<sup>(10)</sup> A key forum for dialogue and cooperation attended at Head of State and Government level — 53 in October 2014.



#### 4. The potential for developing a stronger EU-Central Asia partnership

4.1. The Committee's 2011 opinion recognised a comparatively weak EU role in the region. The EU launched its own Central Asia Strategy in July 2007, now again due for regular review. Although the trade levels are low, the EU is a major trading partner with each country, especially Kazakhstan. In 2013, the EU accounted for 38 % of overall Kazakh trade, taking two thirds of its exports (mainly energy). However total EU imports from the region only reached EUR 24,9 billion and exports EUR 10,6 billion, 1 % of total EU trade.

4.1.1. Every opportunity must be taken to increase the levels of trade with and investment in each country, and to develop the role and activity of the social partners as key civil society actors.

4.1.2. Kyrgyzstan is eligible for GSP<sup>(11)</sup>, but Uzbekistan and Tajikistan have not yet applied for GSP+, undoubtedly due to the conditions attached. In 2016 Turkmenistan will lose its eligibility for GSP due to its reclassification as a 'middle-income' country. As only Kyrgyzstan and Tajikistan are WTO Members, FTAs, particularly along the lines of those the EU has concluded with Ukraine, Georgia or Moldova, are not in prospect. Nevertheless, wherever possible, the EU needs to look at Central Asia much more closely in connection with its Eastern Partnership and Black Sea Strategies.

4.2. Central Asia presents a key opportunity to strengthen the EU-China Strategic Partnership through greater cooperation, especially in the areas of energy and transport. This needs to be investigated in depth since both parties aim to increase their energy supplies from the region.

4.2.1. Given the vast hydrocarbon resources of Central Asia, notably in natural gas, at present these objectives are not perceived to be in fierce competition. Population and economic growth in the region will of course increase internal energy needs, but here there is also significant untapped potential for improving energy efficiency and deploying renewable energy sources. There is a very strong case for enhancing cooperation in these areas, since the EU has developed considerable policy expertise and a strong sustainable energy industry, as well as in widening cooperation in the region with the EITI<sup>(12)</sup>, which includes greater transparency over government revenues from energy sources and strengthens the role of civil society.

4.3. For the EU, TRACECA remains an important initiative. It is an international programme to strengthen economic relations, trade and transport communication from the Black Sea basin to the South Caucasus and Central Asia based on existing transport systems, through the political will and common aspirations of its 13 Member States, including the relevant former Soviet and Central Asian countries (except Turkmenistan), Turkey, Bulgaria and Romania.

4.3.1. Building a modern and interoperable road and strategic railway infrastructure along the Silk Road route is a key interest for China, the EU and Russia as well. The successful integration of this region through modern and reliable infrastructure should offer a major opportunity not just for greater regional economic integration but also to promote the mobility of people and multicultural exchange, in turn producing a better environment for advancing the rule of law and democracy. The Committee therefore applauds the Latvian presidency's special emphasis on the development of multimodal transport links in Eurasia.

4.4. Kazakhstan has vast reserves of natural resources and fossil fuels, much of which is untapped; although in production terms its mining industry is far from realising its full potential<sup>(13)</sup>. Kazakhstan and Uzbekistan enjoy rich oil and gas resources, whereas Turkmenistan alone holds over 9 % of natural gas reserves worldwide<sup>(14)</sup>. On the other hand, Kyrgyzstan and Tajikistan have yet to develop their hydropower potential and valuable mineral resources<sup>(15)</sup>. Uzbekistan and Turkmenistan are among the world's top 10 cotton producing countries, although they lack sufficient water resources for this very thirsty crop.

<sup>(11)</sup> The EU's Generalised System of Preferences?

<sup>(12)</sup> The Extractive Industries Transparency Initiative.

<sup>(13)</sup> [http://www.gecf.org/gecfmembers/kazakhstan\(observer\)](http://www.gecf.org/gecfmembers/kazakhstan(observer))

<sup>(14)</sup> BP Statistical Review of World Energy, June 2014.

<sup>(15)</sup> Kyrgyzstan's iron ore deposits are estimated at 5 billion tons, most containing about 30 percent iron. Also, Kyrgyzstan has one of the largest proven gold reserves in the world.



4.5. However, the EU will not win hearts and minds in Central Asia by only pursuing economic goals. One third of the population of Kyrgyzstan and Tajikistan live below the poverty line. In Kyrgyzstan more than two thirds of the working-age population is employed in the informal sector. Over a million Tajiks and half as many Kyrgyz work abroad, mainly in Russia or Kazakhstan, not least because of youth unemployment at home. Despite legal equality for women, persistent gender imbalances in wages are partly related to low levels of employment of women, and then in low-paid professions. Women also face diminishing educational opportunities.

4.6. This opinion therefore makes a series of key recommendations covering energy and water efficiency, together with food security (which remains a key issue in Tajikistan), water security and energy supply, echoing those made in the 2011 opinion.

## 5. The role of civil society

5.1. A core belief of the EESC is that developing contact with local civil society is one of the best ways for the EU to be most effective. It is important too that this is done in a positive way, not least to try and combat increased governmental concern in the region about the role of civil society<sup>(16)</sup>. Fostering wider youth contact and exchanges should help facilitate this. The Committee warmly welcomes the high level of support sought in Central Asia under the widened EU Erasmus+ programme fostering deeper education links and mobility at tertiary level, ideally accompanied by visa facilitation and fee waivers for the region's most gifted students.

5.1.1. Secondary level education offers another key area for increased EU activity and support, not least through the provision of wider EU information in local languages, and greater outreach to involve parents. In some states the education system is deteriorating; there is a shortage of textbooks at secondary level and good education is generally seen as elitist, not least due to the high cost of universities. Investing in teacher promotion at grass root level could also be beneficial, perhaps as part of wider rural development. The provision of an enhanced media presence in the region through European television and radio networks, such as Euronews or Euranet, with programmes in local languages should also be seriously considered.

5.2. In its 2011 opinion, the Committee looked at the role and activity of wider independently organised civil society in Central Asia. Since then, regrettably, its situation does not appear to have markedly improved in any of the five countries. Increased governmental concerns have resulted in increased pressure on NGOs, media and opposition figures. In Kazakhstan in late 2011, oil worker protests left 14 dead and many injured. This led to increased government suspicion of independent trade unions, the jailing of a key opposition leader and the banning of several media outlets.

5.2.1. Kyrgyzstan and Kazakhstan, countries with a more vibrant civil society, set out to tighten their grip on international NGOs. Kazakhstan set up a study into the experience of 'other countries' (i.e. Russia) whilst Kyrgyz MPs re-initiated a draft law inspired by that legislation.

5.3. The 2011 opinion also paid specific attention to the traditional, more rural *ashar/hashar* forms of community/self-help associations (e.g. for improving community infrastructure), deeply rooted in both nomadic and settled areas of Central Asia. Their revival in the 1990s followed the collapse of the socialist system, notably in the social sector. While *ashar* commonly lack formal structures, some have been institutionalised and registered as NGOs. For international donors, these groups offer a foundation for projects that empower rural communities.

5.3.1. We regret that the EU only tends to fund well-established NGOs, but note that *ashar/hashar* rely on pre-soviet traditions that are often incompatible with donors' values, not least when decisions are made by 'aksakals' ('wise elders'). When they deem a project to be unnecessary, that is followed strictly by the community, hampering implementation.

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<sup>(16)</sup> Not least due to the 'Arab Spring', the recent Russian 'foreign agents law' and then the Euromaidan movement in Ukraine.

5.4. The EU's Central Asia Strategy in 2007 was followed by the setting up of the EU Human Rights Dialogue Process, with six rounds of such dialogues since conducted with most countries (eight with Uzbekistan, five with Kyrgyzstan).

5.4.1. Before and after each dialogue round, the EEAS holds briefings for CSOs in Brussels. However, meetings with Central Asian CSOs on the ground have only been held on an ad hoc basis, in most cases before the dialogue. These local seminars offer a forum for Central Asian and European civil society to discuss country-specific human rights issues with EU representatives and government officials, who decide the agenda between them. Civil society recommendations drawn up at these seminars need to be fully incorporated into the human rights dialogues.

5.4.2. The relevance and impact of the human rights dialogues and the accompanying civil society seminars differ. Only in Kyrgyzstan and Tajikistan have the seminars had some relevance to the actual human rights situation and to the dialogue with the governments, being followed by a few concrete legislative changes <sup>(17)</sup>, notably over the use of torture. However, in both instances the EU-initiated dialogues played a complementary, facilitating role as the issues had been previously raised within UN fora. Sadly, impact elsewhere has been very limited with just one civil society seminar held in Uzbekistan, in 2008, and none in Turkmenistan.

5.4.3. However civil society in Kazakhstan was excluded from the selection of topics for the 2011 civil society seminar, which covered the rights of disabled people and gender issues, but not the ongoing oil workers' strike in western Kazakhstan. The 2012 seminar focused on the 'Contribution of Civil Society to Judicial Reforms in Kazakhstan', but the Kazakh government took no interest in the event, and nor is it clear whether its recommendations were then included in the human rights dialogues.

5.5. The five countries have much in common on the labour front despite differing economic situations: decent work is lacking throughout, the informal economy plays a considerable role, there are high levels of corruption — an environment not conducive to freedom of association.

5.5.1. In each country, there are restrictive legal provisions affecting industrial conflicts and in particular the right to strike. Governments often interfere, notably through favoured candidates for trade union office and legal restrictions on union structures, procedures and activities. In Kazakhstan a new law could lead to trade union monopolism, already the case in Tajikistan and Uzbekistan. National level (tripartite) social dialogue systems are strongly dominated by the government: the role of social partners is mostly consultative and leading trade unionists are close to the authorities.

5.5.2. The 2011 opinion looked closely at the situation with regard to the core ILO Conventions. For many years Kazakhstan, Kyrgyzstan and Tajikistan have cooperated with the ILO not least on the Decent Work Country Programmes (DWCP), which Uzbekistan signed in April 2014. The ILO International Programme on the Elimination of Child Labour is notably working in Kyrgyzstan and Tajikistan, whilst the EU has also recognised the positive steps taken by Uzbekistan on this issue <sup>(18)</sup>. Full implementation of these Conventions remains an essential goal.

Brussels, 21 January 2015.

*The President  
of the European Economic and Social Committee*  
Henri MALOSSE

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<sup>(17)</sup> The Kyrgyz parliament adopted a law against torture in June 2012 following the recommendation of the civil society seminar four months earlier, whilst in Tajikistan a law was adopted that same year that classified torture as a criminal offence.

<sup>(18)</sup> EEAS press release 19 November 2014.

**Opinion of the European Economic and Social Committee on 'Inclusion of migrant women in the labour market'**

**(own-initiative opinion)**

(2015/C 242/02)

**Rapporteur: Béatrice OUIN**

On 10 July 2014, the European Economic and Social Committee decided to draw up an own-initiative opinion, under Rule 29(2) of its Rules of Procedure, on

*Inclusion of migrant women in the labour market.*

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 18 December 2014.

At its 504th plenary session, held on 21 and 22 January 2015 (meeting of 21 January 2015), the European Economic and Social Committee adopted the following opinion by 212 votes to 1, with 10 abstentions.

**1. Recommendations**

1.1. In order to implement the Europe 2020 Strategy and the European Agenda for the Integration of Third-Country Nationals, both in terms of access to employment for women and integration of immigrants, and because Europe needs migrants despite the worrying spread of hostile discourse which is contrary to the long-term interests of the people living in Europe, **the EESC calls on the European institutions to:**

- make better use of the potential of the European Semester and issue country-specific recommendations on the inclusion of migrant women in the labour market;
- take account of the specific circumstances of migrant women when preparing the post-2015 strategy for gender equality;
- continue to monitor the implementation of Directive 2003/86/EC on the right to family reunification in order to avoid delaying access to employment for women who have the right to family reunification and consider revising the directive to give spouses immediate access to employment;
- assess the proportion of women among EU Blue Card holders <sup>(1)</sup> and among those benefiting from the Directive on seasonal workers <sup>(2)</sup>, along with the kind of jobs they are doing, in order to ensure that women migrants are not victims of discrimination;
- ensure that the future rules on researchers, students, voluntary workers and au pairs <sup>(3)</sup> benefit women as much as men;
- ensure that at least half of the funds from financial instruments dedicated to integration of immigrants are devoted to women.

1.2. In addition to the measures that should be implemented for all immigrants — men and women — **the EESC calls on the Member States to:**

- put in place clear, ambitious objectives for integrating women migrants;
- adopt policies that take account of women's specific situation, their qualifications, knowledge of the language of the host country and whether they are first- or subsequent generation immigrants;

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<sup>(1)</sup> Council Directive 2009/50/EC of 25 May 2009.

<sup>(2)</sup> Directive 2014/36/EU of the European Parliament and the Council of 26 February 2014.

<sup>(3)</sup> Proposal for a directive COM(2013) 151 final.

- inform the European Commission, in the framework of the European Semester, of the measures introduced to promote women's inclusion in the labour market;
- in the context of family reunification, not defer access to employment for spouses, in order to promote integration of families and prevent poverty and loss of skills;
- guarantee women individual rights at every stage in the migration process, not just rights derived from family membership;
- ensure that migrant women are given more information about how to access the support services in place to facilitate access to language and vocational training and good quality jobs;
- organise language courses that meet the specific needs of migrant women, are accessible and oriented towards finding work;
- speed up the process of recognising qualifications and experience gained abroad to enable women to find jobs corresponding to their skills and aspirations;
- avoid de-skilling, which represents a waste of human capital;
- consider work in some sectors (such as cleaning, caring for children and the elderly, hotels and catering and agriculture) as offering opportunities for less-qualified migrant women, provided that steps are taken to ensure that these sectors are legalised, professionalised and upgraded and that women are given training in these areas and enabled to develop their careers;
- support women entrepreneurs and foster entrepreneurship education for migrant women;
- involve the social partners and civil society in policy-making and delivery;
- ratify the United Nations Convention on the Protection of the Rights of All Migrant Workers and Members of their Families of 18 December 1990;
- regularise the right of residence of immigrants who have been living in Europe for several years, the mass amnesties granted by certain Member States having proved beneficial.

1.3. Lastly, the EESC calls on the social partners to:

- ensure that aspects specific to migrant women are incorporated more effectively into the European social dialogue work programme;
- facilitate the recognition of women migrants' qualifications in collective agreements.

## 2. Introduction

2.1. Over recent decades, the face of immigration has become more female. The women migrating to Europe are doing so to re-join family members or because they are refugees or asylum seekers. Many come to earn a living, leaving their families behind in their country of origin and becoming the family's main breadwinner.

2.2. They may arrive with or without a residence permit and with varying levels of qualifications. They may be migrating voluntarily or under duress, and some are victims of human trafficking. It is evident that this population is as large as it is diversified.

2.3. For its part, in view of its ageing population, falling birth rate and need for skilled labour in numerous sectors, Europe is facing a serious labour-market challenge.

2.4. In this context, migrant women represent a currently under-utilised source of skills and creativity. It is vital that they be brought into the labour market, as this can help to ensure that both migrant women themselves and the European Union take full advantage of the potential of migration, as well as strengthening integration and contributing to economic growth and social cohesion.

2.5. The EESC has given its views on the issues of immigration and integration on several occasions, and has issued numerous recommendations that apply to both women and men <sup>(4)</sup>. These recommendations will not be reiterated in this opinion.

2.6. On the other hand, the Committee has not hitherto issued proposals specifically concerning migrant women. However, given that equality between women and men has not been achieved anywhere in the world and that there are issues specific to women that cannot be captured using a global approach, this opinion is devoted to the inclusion of migrant women in the labour market.

### 3. The European context

3.1. Increasing the employment rate of women, and migrants in general, is one of the EU's priorities, as stated in the Europe 2020 Strategy, the European Agenda for the Integration of Third-Country Nationals <sup>(5)</sup>, and the European Council's multi-annual programmes <sup>(6)</sup>.

3.2. The Europe 2020 Strategy has set the objective of raising the employment rate to 75 % by 2020. Ensuring that migrant women are better integrated into the labour market will be vital to achieving it. Here, the European Semester can make a valuable contribution. The Member States should introduce measures aimed at integrating migrant women and the Commission should issue specific recommendations on this subject.

3.3. In addition, aspects specific to migrant women should be given greater consideration when preparing the post-2015 strategy for gender equality. This strategy should help to improve the position of migrant women on the labour market through various means, including support for entrepreneurship.

3.4. At the EU level, the situation of migrant women varies considerably, depending on the specific implementing directive that applies.

3.5. Women who hold a Blue Card <sup>(7)</sup> find it easier to get access to highly skilled jobs; similarly, the spouse of a Blue Card holder is entitled, automatically and immediately, to access the labour market in the host country.

3.6. On the other hand, spouses who are admitted under family reunification arrangements <sup>(8)</sup> sometimes have to wait for a year — the delay which the Member States may impose — before being able to take up waged employment or a self-employed activity. This delay means that women are dependent on their husbands, distances them from the labour market and leads to a partial loss of skills. To remedy this, the European Commission should envisage a revision of the directive on family reunification, rather than simply monitoring its implementation in the Member States.

3.7. As for asylum seekers, prohibiting them from working is an encouragement to their taking undeclared work. The legal obstacles to their access to the labour market should therefore be removed. Furthermore, asylum seekers who are in work should have their stay regularised, something which has already produced good results in the Member States which have granted mass amnesties.

3.8. Lastly, European instruments need to be harmonised to ensure that any person residing legally on European territory has immediate access to employment and individual residence rights, irrespective of their matrimonial status.

### 4. Specific measures for including migrant women in the labour markets of the Member States

4.1. *It is worrying that women migrants face two-fold problems, both as women and as immigrants.*

4.1.1. The labour market is disadvantageous to women, whether they are Europeans or immigrants. Despite the EU's legislative framework, when it comes to work-life balance, access to social rights and positions of responsibility and participation in public life, women continue to face greater challenges than men.

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<sup>(4)</sup> The EESCs most recent opinions are: OJ C 451, 16.12.2014, p. 96, OJ C 67, 6.3.2014, p. 16, OJ C 351, 15.11.2012, p. 16, OJ C 181, 21.6.2012, p. 131, OJ C 48, 15.2.2011, p. 6, OJ C 354, 28.12.2010, p. 16, OJ C 347, 18.12.2010, p. 19, OJ C 128, 18.5.2010, p. 29, OJ C 27, 3.2.2009, p. 95 and the information report on *The new challenges of integration*, SOC/376.

<sup>(5)</sup> COM(2011) 455 final.

<sup>(6)</sup> The Tampere (1999), The Hague (2004) and Stockholm (2009) European Councils.

<sup>(7)</sup> Directive 2009/50/EC (OJ L 155, 18.6.2009, p. 17).

<sup>(8)</sup> Directive 2003/86/EC (OJ L 251, 3.10.2003, p. 12).

4.1.2. Women are concentrated in a small number of sectors <sup>(9)</sup> (such as health, education, public administration, hotels and catering, services to families and domestic work). Women are more likely to be working part-time and are also over-represented amongst those working on short-term contracts. In 2014, the gender wage gap in the EU is still 16,4 % <sup>(10)</sup>, and the gender gap in pensions is wider still.

4.1.3. For migrant women, whose employment rate is lower than that of autochthonous women, the situation is still more serious. With the majority concentrated in a few sectors, they are also more likely to be employed in insecure and part-time jobs or jobs with low salaries or poor working conditions. Cultural obstacles in their families or communities can make access to jobs difficult for them. They may also suffer discrimination in access to the labour market.

#### 4.2. *Specific measures are necessary.*

4.2.1. In view of this situation, positive action is required. Such action and measures must, above all, take account of women's situation, their qualifications, knowledge of the language of the host country and whether they are first- or subsequent generation immigrants.

4.2.2. Some measures, relating to work-life balance, are the same as for autochthonous women. Access to good quality childcare, which is accessible in terms of both cost and location, is crucial for migrant women, who generally have no family nearby to help.

4.2.3. Other measures are more specific to migrant women. These include: combating racism, improving access to housing, health and social services and combating forced marriages and polygamy. The desire to benefit from respect for human rights and gender equality in Europe and to flee violence against women and situations of inequality are reasons which compel women to leave their country. They ought not to come up against these same problems in Europe and yet these difficulties exist here too, affecting even second generations of immigrants and hindering their access to employment.

4.2.4. Within the EU, many successful initiatives aimed at integrating women into the labour market are taken at local level, by civil society, migrant women's associations and universities. These should be supported and the dissemination of good practice encouraged at national level and between Member States.

#### 4.3. *Collecting the necessary data for informed policy-making*

4.3.1. In order to get a deeper understanding of the needs of migrant women and develop appropriate policies, there is a need for better statistics, broken down by gender and nationality or origin, at both the national and European levels.

#### 4.4. *Better information for migrant women*

4.4.1. To improve their knowledge of the host country and its labour market, migrant women need to be given access to information about their rights and the existing services, in several languages and in cooperation with civil society and migrants' networks, whose contribution must be recognised and supported.

#### 4.5. *Making it easier to learn the languages of the host countries*

4.5.1. Integration and access to employment depend on access to the language of the host country. Insufficient knowledge of the language perpetuates women's isolation, prevents them from finding out about their rights and accessing public services and affects their children's integration. Indeed, young people from immigrant backgrounds tend to have lower educational results than their autochthonous counterparts.

4.5.2. The authorities must therefore make language courses available to migrant women, ensuring that these are accessible in terms of cost, location and timing (compatible with having young children at home). With regard to the content, the courses should be oriented towards being useful for the search for work and contact with public services.

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<sup>(9)</sup> Gender Equality Index Report (EIGE, 2013), page 21.

<sup>(10)</sup> [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Gender\\_pay\\_gap\\_statistics](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Gender_pay_gap_statistics)



#### 4.6. Recognising qualifications and preventing de-skilling

4.6.1. Women immigrants have very diverse profiles and policies must take account of these differences. Whilst some women have a low level of education and experience, others have considerable university or professional qualifications.

4.6.2. For many of these women, the biggest problem is getting the qualifications and experience they have gained abroad recognised, which is paradoxical given that Europe needs skilled workers in numerous areas. It can take some considerable time to get their qualifications recognised and this can lead to discouragement and a loss of skills and push these women to accept jobs for which they are overqualified. When migrant women are unemployed or in jobs for which they are overqualified this represents so many under-utilised resources and a loss of human capital.

4.6.3. Services should be set up to allow the recognition of qualifications acquired in the country of origin. The social partners also have an important role to play in facilitating the recognition of these qualifications in collective agreements.

4.6.4. Some sectors, such as cleaning, care for children and the elderly, hotels and catering, agriculture and the social economy can offer opportunities for less qualified migrant women, as employees or in a self-employed capacity. However, it will be necessary to professionalise and upgrade these sectors, give women training in these areas and recognise the significant contribution made by the women working in them, so that employment in these sectors benefits both autochthonous and immigrant women.

4.6.5. This kind of work may also be transitional, hence the importance of offering training while women are working in these sectors so that they can develop their careers or move into other areas of work.

#### 4.6.6. The specific case of work in private homes

4.6.6.1. Although not all women immigrants work in this sector, it is often the sector which they are drawn to initially, partly because demand is high but also because it is possible to work there without legal registration.

4.6.6.2. These women find themselves trapped. Since they are undocumented, they can only do undeclared and unprotected work, and since they cannot prove that they are working, they cannot regularise their situation and obtain an official residence permit. This places them in an extremely vulnerable situation, alone with numerous employers or living with a single employer.

4.6.6.3. Some European states have introduced measures allowing for this undeclared work to be legalised (tax incentives in Sweden and service voucher schemes in Belgium and France, etc.), which make registration easier for employers and give employees access to social rights and proof of their professional activity, thereby allowing them to regularise their situation.

4.6.6.4. The Member States should ratify International Labour Organisation (ILO) Convention No 189 <sup>(1)</sup>, which provides for domestic workers to be accorded rights equivalent to those enjoyed by other workers, and should structure this sector, as the EESC recommended in its opinion on *Developing services to the family to increase employment rates and promote gender equality at work* <sup>(2)</sup>.

#### 4.7. Supporting self-employment and entrepreneurship

4.7.1. Research has shown that immigrants are more innovative and entrepreneurial than the host population. In many countries they become self-employed or set up new businesses, often employing other immigrants. The Committee has adopted an opinion on *The contribution of migrant entrepreneurs to the EU economy* <sup>(3)</sup>.

4.7.2. To boost their success, these entrepreneurs need support to enable them to access funding, learn how to draw up a business plan and become familiar with the business environment in the host country. Specific initiatives need to be developed to help women entrepreneurs and a particular focus should be placed on social entrepreneurship.

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<sup>(1)</sup> ILO Convention No 189 entered into force on 5 September 2013.

<sup>(2)</sup> OJ C 12, 15.1.2015, p. 16.

<sup>(3)</sup> OJ C 351, 15.11.2012, p. 16.



4.7.3. Immigrant women should also be able to draw on mentoring from more experienced entrepreneurs and support should be given to networks of migrant women entrepreneurs. In addition, immigrant women should be offered entrepreneurship education, which should be organised in close cooperation with the social partners and organised civil society.

4.8. *Improving the image of immigrant women*

4.8.1. Despite the rise in autonomous female immigration, often involving qualified women, society's image of immigrant women as victims of cultures that place little value on women's rights is proving very slow to change. There is a need for a more positive image of migrant women, which could also serve as a model in immigrant communities. Awareness-raising campaigns would contribute here.

4.9. *Improving multi-level cooperation*

4.9.1. Integration will only be achieved effectively through a partnership between all the parties concerned, including the European institutions, the Member States and the national, regional and local players.

4.9.2. Organised civil society — particularly migrant women's associations — must be involved at all levels of policy-making relating to the inclusion of migrant women in the labour market. These stakeholders can bring genuine added value, thanks to their knowledge of the realities of migrant women's lives and situations. Their participation might also facilitate the emergence of a feeling of co-ownership that would lead to greater acceptance and better implementation of the policies.

**5. Conclusion**

5.1. Participating in the labour market is one of the most effective and practical ways of integrating into society. Immigrant women need to be supported and accompanied through their integration process. They must be informed of their rights and obligations in the host society, enjoy individual rights, have access to training, be able to take full advantage of their skills and be recognised for the contribution they make to Europe's economy and society.

Brussels, 21 January 2015.

*The President*  
*of the European Economic and Social Committee*  
Henri MALOSSE

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**Opinion of the European Economic and Social Committee on 'Land grabbing — a warning for Europe and a threat to family farming'**

**(own-initiative opinion)**

(2015/C 242/03)

**Rapporteur: K. NURM**

At its plenary session of 20 January 2014, the European Economic and Social Committee decided, under Rule 29(2) of its Rules of Procedure, to draw up an own-initiative opinion on

*Land grabbing — a warning for Europe and a threat to family farming* (own-initiative opinion).

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 8 January 2015.

At its 504th plenary session, held on 21 and 22 January 2015 (meeting of 21 January 2015), the European Economic and Social Committee adopted the following opinion by 209 votes to 5 with 9 abstentions.

**1. Conclusions and recommendations**

1.1. This opinion looks at the problem of land grabbing, including land concentration, in Europe and around the world, something that represents a threat to family farms.

1.2. Agricultural land provides the basis for food production and is thus the prerequisite for ensuring food security in accordance with Article 11 of the United Nations International Covenant on Economic, Social and Cultural Rights and with Article 25 of the Universal Declaration of Human Rights.

1.3. The following factors encourage land grabbing: increasing globalisation and the principle of free movement of capital associated with this, population growth and urbanisation, rising demand for foodstuffs and bio-energy, increased demand for natural resources, the negative side of agricultural and environmental policy, as well as possible speculation on the rising value of agricultural land.

1.4. The EESC sees a serious risk arising from the concentration of land in the hands of large non-agricultural investors and large agricultural concerns, including in parts of the European Union. This trend is incompatible with the European model of sustainable and multifunctional agriculture where family farms predominate and jeopardises the achievement of the objectives set out in Articles 39 and 191 of the TFEU. It conflicts with the structural goal of dispersed land ownership, causes irreversible damage to rural economic systems and leads to a type of industrialised agriculture that society does not want.

1.5. Risks associated with food safety and soil degradation are exacerbated by industrialised agriculture, which also reduces food security.

1.6. Apart from producing food, family farming fulfils other important social and ecological functions which cannot be performed by an industrial agricultural model dominated by large companies. Active measures must be taken to protect family farms so that small-scale farming offers a viable alternative to industrialised agriculture and to land grabbing.

1.7. Land is no ordinary commodity which can simply be manufactured in larger quantities. Given that the supply of land is finite, the usual market rules should not apply. Ownership of land and land use must be subject to greater regulation. In view of the distortions that have been observed, the EESC considers it necessary to develop a clear model for agricultural structures at both Member State and EU level, which will have implications for land use and land rights.

1.8. Regulation of the market for farm land varies widely among the Member States. The fact that restrictions exist in some countries and not in others leads to disparities among the Member States.

1.9. Although land policy comes under the authority of the Member States, it is subject to certain restrictions on the basis of the principle of free movement of capital and goods enshrined in the Treaties. The EESC therefore calls on the European Parliament and the Council to discuss whether the free movement of capital in respect of the alienation and acquisition of agricultural land and agribusinesses should be guaranteed, particularly in relation to third countries, but also within the EU.

1.10. The EESC calls on the Member States to organise land use in such a way that full advantage is taken of the possibilities afforded by taxes, aid and CAP funding. The idea is to preserve the agricultural model based on family farming throughout the EU.

1.11. The Member States must be allowed to set upper limits for the acquisition of agricultural land and to create a system of pre-emptive rights to help those whose landed property is below this upper limit.

1.12. The EESC calls on the European Commission and the Parliament to carry out comprehensive impact analyses of policy measures (aid and restrictions) used with regard to land concentration and agricultural production in different countries, based on a uniform method. Research should also look at the risks of land concentration for food security, employment, the environment, soil quality and rural development.

1.13. The EESC calls on all EU Member States to implement the Voluntary Guidelines on the Responsible Governance of Tenure (VGGT) and to report to the European Commission and the FAO on the use and application of the VGGT in their land governance policies.

1.14. Instead of land concentration, policies should encourage a transition from industrial-scale production to smaller production units, by strengthening the family farming model, which would also be conducive to self-sufficient food production.

1.15. The EESC will also continue in the future to closely monitor trends in land concentration, study its effects and be involved in drawing up proposals for containing it.

## **2. Global land grabbing: general context**

2.1. This opinion looks at the problem of land grabbing and land concentration, whose consequences are a threat to family farms.

2.2. There is no internationally recognised single definition of land grabbing. Land grabbing is generally understood to mean a process of large-scale acquisition of agricultural land without consulting the local population beforehand or obtaining its consent. Ultimately, this diminishes the scope of the local population to manage a farm independently and to produce food. The owner also has the right to use the resources (land, water, forest) and the profits arising from their use. This can lead to a situation in which established agricultural land use is abandoned in favour of other activities.

2.3. Agricultural land and access to water form the basis for food production. The ability of countries to feed themselves depends on various factors; however, basic prerequisites are the availability of sufficient agricultural land and the right of countries to regulate systems of land ownership and use.

2.4. There is an average of 2 000 m<sup>2</sup> of agricultural land for every person on the planet. However, this figure varies considerably from country to country, and some countries therefore try to increase the amount of land available to them for agricultural production by buying up land in other countries.

2.5. The following factors encourage land grabbing:

- 2.5.1. increasing globalisation and the associated principle of free movement of capital;
- 2.5.2. population growth and urbanisation;
- 2.5.3. the ever increasing demand for food;
- 2.5.4. rising demand for bio-energy;
- 2.5.5. growing demand for natural resources (fibres and other wood products);
- 2.5.6. the negative side of agricultural and environmental policy;
- 2.5.7. the possibility of being able to speculate on food products on the international or at least European market;
- 2.5.8. the potential to speculate on the rising value of farmland and future state aid;
- 2.5.9. the efforts of big investors to put capital released in the wake of the 2008 financial crisis into agricultural land as a safe investment.

2.6. Such agricultural land grabbing focuses largely on Africa, South America and other regions, including some parts of Europe where land is relatively cheap compared with industrialised countries and the international average.

2.7. It is difficult to obtain reliable data on the extent of land grabbing as not all land transactions are recorded and there is often insufficient transparency on land transactions between companies, for example in the case of purchases by subsidiaries and partner companies. However, some NGOs and research institutions have carried out research on the subject. According to World Bank estimates, in the 2008-2009 period 45 million hectares throughout the world were targeted by land grabbing. A Land Matrix report <sup>(1)</sup> describes how 83,2 million hectares of agricultural land in developing countries, amounting to 1,7 % of the global total, changed hands in 1 217 major deals.

2.8. Land grabbing was most frequent in Africa (56,2 million hectares, i.e. 4,8 % of the continent's agricultural land), followed by Asia (17,7 million hectares) and Latin America (7 million hectares). Investors show a consistent preference for well situated and easily accessible land with a water supply, suitable for cultivating vegetables and cereals, and offering high yields. They are also interested in forested areas. Most investors come from China, India, Korea, Egypt, the Gulf States, Brazil and South Africa; however some of them are from the USA and the EU Member States. Buyers are not interested in countries with high land prices. In such countries land concentration usually takes the form of larger farms buying up land from smaller farmers.

2.9. According to a report by the Madariaga Foundation <sup>(2)</sup> of 10 July 2013, some EU policy areas have direct or indirect effects on land grabbing in the EU and worldwide. These include the bioeconomy, trade and agricultural policy. A liberal land policy and the generally accepted principle of free movement of goods and capital are also relevant here.

2.10. A prime example is the EU requirement to increase the share of biofuels and permitting of duty-free and quota-free sugar imports, which are behind certain land grabbing projects in Asia and Africa.

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<sup>(1)</sup> <http://www.landmatrix.org/en>

<sup>(2)</sup> [www.madariaga.org](http://www.madariaga.org)

### 3. Land grabbing and land concentration in Europe

3.1. Europe is embedded in global processes, so these processes also unfold within Europe: in some areas visibly, in others unnoticed. Land grabbing takes place primarily in the countries of central and eastern Europe.

3.2. Apart from conventional purchases, one way of getting control of agricultural land is to acquire companies owning or leasing areas of agricultural land, or to attempt to purchase shares in such companies. As a result, there is increasing concentration of land ownership by large companies, with industrialised agriculture developing in some central and eastern European countries.

3.3. While agricultural land is dwindling throughout Europe, it is also becoming increasingly concentrated in the hands of certain large businesses. One per cent of agricultural businesses control 20 % of agricultural land in the European Union and three per cent control 50 %. Conversely, 80 % of agricultural businesses control only 14,5 % of agricultural land.

3.4. In Europe, there is a correlation between the dwindling number of agricultural production units and the number of people employed in agriculture. For example, between 2005 and 2010 the number of production units fell most in the eastern European countries, especially the Baltic States (Estonia, Latvia and Lithuania), and at the same time the region saw the biggest drop in labour demand (8,9 % in Bulgaria and Romania and 8,3 % in the Baltic States annually). In Ireland and Malta, however, the number of agricultural businesses has gone up, and with it the demand for agricultural workers.

3.5. Three categories of investor — domestic, from the EU and from third countries — are mainly responsible for land purchases and concentration.

3.6. The most detailed survey of land concentration in Europe, including the European Union, is the report on *Concentration, land grabbing and people's struggles in Europe* <sup>(3)</sup>, published by Via Campesina and the 'Hands off the Land' network in April 2013. According to this report, there is a creeping process of land grabbing and concentration in the European Union, which is impacting on human rights, and especially the right to adequate food. Land grabbing has been most extensive in Hungary and Romania. However, the same process can be observed in other central and eastern European countries.

3.6.1. According to data from various sources, in Romania up to 10 % of agricultural land is now in the hands of investors from third countries and a further 20-30 % is controlled by investors from the EU. In Hungary one million hectares of land was acquired in secret deals using capital primarily from EU Member States. Although foreigners will not be allowed to buy land in Poland until May 2016, it is well known that 200 000 hectares have already been acquired by foreign investors, mainly from EU countries. In the Bordeaux region of France, Chinese investors have bought some 100 vineyards. After German reunification, agricultural cooperatives in the former GDR were dissolved and both private family farms and legal entities were established. There are now increasing indications that the legal entities are particularly vulnerable to non-agricultural investors.

3.7. The following examples give an idea of the scope of these concentrations in businesses: in Romania, the biggest agricultural enterprise farms around 65 000 hectares of land, and in Germany 38 000 hectares. The biggest dairy farm in Estonia has 2 200 cows, with livestock numbers set to increase to 3 300.

3.8. One reason for land concentration in Europe is the single area payment under the first pillar of the CAP, which gives greater financial leverage to large-scale farmers and thus creates advantages and releases capital for further land acquisition. The single farm payment is applied mainly in the EU-15 and the single area payment in the EU-12. Land concentration is also developing much more slowly in the EU-15 than in the EU-12.

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<sup>(3)</sup> [http://www.eurovia.org/IMG/pdf/Land\\_in\\_Europe.pdf](http://www.eurovia.org/IMG/pdf/Land_in_Europe.pdf)

3.9. In turn, agricultural land concentration concentrates CAP subsidies. In 2009, 2 % of family-run farms received 32 % of CAP funding. There is a difference between western European and eastern European countries. Thus in 2009 large farms, which represent 2,8 % of all holdings in Bulgaria, received 66,6 % of aid. The equivalent figures for Estonia are 3 % and 53 %, whereas they are 3 % and 25 % for Denmark and 5,5 % and 25 % for Austria.

#### **4. Impact of land grabbing**

4.1. In those countries where land concentration and land grabbing take place, the multifunctional European farming model characterised by family farms is being crowded out by large-scale industrial agricultural production.

4.2. Existing studies show that the food and non-food crops produced on farmland that has been bought up are mainly exported to the countries of the investors. Only a small fraction of these products are destined for the local market. National food security deteriorates in proportion to the degree of land grabbing.

4.3. Land grabbing and land concentration result in those farms that had been using the land being squeezed out, and consequently to loss of jobs and communities in rural areas. This process is generally irreversible, since it is very difficult for small farmers or even for new businesses (and young farmers) to acquire land and establish themselves in this economic sector without sufficient capital.

4.4. Although the World Bank has made a point of noting the positive aspects of land grabbing — e.g. increased efficiency, innovation and development — many civil society organisations and movements are critical of the phenomenon. They believe it results in harm to the environment, soil degradation and depopulation of rural areas; instead of sustainable agriculture, a mammoth agricultural industry develops based on monoculture.

4.5. Land grabbing has a negative impact on the development of rural communities. The flip side of large-scale cultivation is an increase in unemployment in rural areas, which has social costs.

4.6. Willis Peterson, a researcher at the University of Minnesota, actually claims that small family farms are at least as efficient as large-scale producers. The assertion that land concentration leads to larger yields is also inaccurate<sup>(4)</sup>: FAO data show the opposite to be the case: 90 % of the world's farms are family concerns, farming 75 % of all agricultural land and producing 80 % of the world's food.

4.7. Scotland offers a cautionary tale with respect to land grabbing. Two hundred years ago an area the size of Holland was divided up into parcels of between 8 000 and 20 000 hectares and sold to investors. Some 1,5 to 2 million people lived in this area, and it is still depopulated today as a result of industrial-scale agriculture. The Scottish parliament is currently working on a project to repopulate the region, but this will be a lot more expensive than if the small-scale farming model had been preserved.

#### **5. The role of family farms for society and food security**

5.1. The EESC welcomes the United Nations' designation of 2014 as the International Year of Family Farming. The Committee has been involved in various ways in drawing attention to the strategic role of family farms for food security and the development of rural areas, and in encouraging public debate about the issue.

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<sup>(4)</sup> <http://familyfarmingahap.weebly.com/family-vs-corporate-farming.html>

5.2. Although we do not have a generally recognised definition of the family farm either in the EU or internationally, the EESC calls on the European Commission, the Parliament and the Council to define this term. The EESC suggests that a farm should meet the following criteria in order to qualify as a family farm.

5.2.1. Operational decisions are taken by family members.

5.2.2. Most of the farm work is carried out by family members.

5.2.3. Both the property and most of the capital belong to the family, or the land is in the hands of a local community.

5.2.4. The family also controls farm operations.

5.2.5. The farm is passed down from one generation of the family to the next.

5.2.6. The family lives on land which is part of the farm or nearby.

5.3. In most parts of the world, life and work in agriculture and rural areas, which is based on family farming and is respectful of social and environmental concerns, has a tradition dating back thousands of years. Where there is legal certainty and political stability, family farms have throughout the world proved as stable as, or superior to, other agricultural systems.

5.4. Apart from producing food, family farming fulfils other useful social functions which cannot be performed by an industrial agricultural model dominated by large companies and resting on employees.

5.4.1 Family-run farms, and also agricultural cooperatives, play an active role in the economic make-up of rural areas. Membership of cooperatives and professional organisations is very important for their stability and flexibility. Farms preserve cultural heritage and the rural way of life, they densify the social life of countryside, they generate high-value products, they adopt a sustainable approach to natural resources and ensure that ownership in rural areas is widely dispersed.

5.4.2. Family farms do not complain that there are no jobs available, but create jobs themselves and are open to innovation.

5.4.3. The farm offers an ideal environment for children, where key knowledge and skills can be passed on from generation to generation, ensuring the continuity of these businesses.

5.4.4. Agricultural production from family farms is typically diversified and decentralised. This ensures competition on the market and reduces the risks associated with land concentration.

5.4.5. The plenitude of operations is in itself an asset from the point of view of human survival, since it ensures that more people have skills and knowledge in relation to food production and so ensures that subsistence skills and knowledge are also available during times of crisis. To protect family farms so that small-scale farming can offer a viable alternative to industrialised agriculture and to the land grabbing that this entails, active measures must be taken to protect family farms, including aid measures for producer organisations and measures to combat unfair trading practices. Policy measures at EU and at national level can help to make family farming more sustainable and more resilient <sup>(5)</sup>.

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<sup>(5)</sup> [http://www.europarl.europa.eu/RegData/etudes/note/join/2014/529047/IPOL-AGRI\\_NT\(2014\)529047\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/note/join/2014/529047/IPOL-AGRI_NT(2014)529047_EN.pdf)



## 6. Ways of regulating the market for agricultural land and preventing land grabbing and land concentration

6.1. Land forms the basis of food production. Article 11 of the UN International Covenant on Economic, Social and Cultural Rights <sup>(6)</sup> together with Article 25 of the Universal Declaration of Human Rights <sup>(7)</sup> obliges countries to recognise the right of each individual living in their own territory to adequate and safe food and it is directly linked to the access to land.

6.2. The paucity of oil and gas reserves in the EU jeopardises its food security. Sustainable agriculture and family farming must therefore be maintained.

6.3. Land is no ordinary commodity which can simply be manufactured in larger quantities. Given that the supply of land is finite, the usual market rules should not apply. The EESC is convinced that there needs to be in-depth discussion in the Member States and at EU level about a clear model for agricultural structures. This can and must be the only basis for determining policy implications and measures. One example of this is the legal evaluation of the acquisition of shares in agricultural companies (known as 'share deals'). Ownership of land and land use must be subject to greater regulation.

6.4. Organisations of various political persuasions have discussed land ownership regulation and the framing of appropriate policy measures, and they emphasise that good governance is essential for this area. The FAO has drawn up its 'Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forestry' <sup>(8)</sup>. The aim of these guidelines is to achieve regulated, secure land-use rights ensuring equal access to resources (land, fisheries, forests) and thus reducing hunger and poverty while promoting sustainable development and a healthier environment. Unctad, FAO, IFAD and the World Bank have jointly developed principles for responsible agricultural investment <sup>(9)</sup> respecting rights, livelihoods and resources. The Organisation for Economic Cooperation and Development (OECD) has drawn up a Policy Framework for Investment in Agriculture (PFIA) <sup>(10)</sup>. The aim is to guide states in framing policy measures to encourage private agricultural investments.

6.5. The EESC considers the FAO/UN guidelines on land use rights to be an important milestone, and calls for them to be resolutely and precisely implemented. The Committee believes that unclear property rights for farmers are an indication of poor governance and even an incentive to land grabbing.

6.6. The Factor Markets paper <sup>(11)</sup> published in 2012 examines land sales regulation in EU Member States and candidate countries. It seems that several Member States have national regulation preventing forced land concentration and purchases by foreigners, e.g. granting of purchase options. In some countries, all purchases of agricultural land require official authorisation, regardless of the purchaser's country of origin. Such countries include France, Germany and Sweden. At the same time, there are countries such as Hungary and Lithuania where an upper limit has been set on the amount of agricultural land that can be held by a single owner.

6.6.1. In France, land transactions are monitored by regional land authorities (Sociétés d'Aménagement Foncier et d'Établissement Rural, SAFER). SAFER is a regional body with the task of supporting farmers, especially young farmers, in the process of restructuring land ownership, and of ensuring transparent agricultural land markets.

6.6.2. In Sweden, land purchases in sparsely populated areas require permits. When granting such permits, the authorities take into account the purchaser's training or previous experience; sometimes there is also a requirement for residence on the purchased land. In Sweden, only natural persons can acquire agricultural land.

<sup>(6)</sup> <http://www.ohchr.org/en/professionalinterest/pages/cescr.aspx>

<sup>(7)</sup> <http://www.un.org/en/documents/udhr/index.shtml#a25>

<sup>(8)</sup> <http://www.fao.org/docrep/016/i2801e/i2801e.pdf>

<sup>(9)</sup> <http://unctad.org/en/Pages/DIAE/G-20/PRA.aspx>

<sup>(10)</sup> [http://www.oecd.org/daf/inv/investment-policy/PFIA\\_April2013.pdf](http://www.oecd.org/daf/inv/investment-policy/PFIA_April2013.pdf)

<sup>(11)</sup> [http://ageconsearch.umn.edu/bitstream/120249/2/FM\\_WP14CEPonSalesMarketRegulations\\_D15.1\\_Final.pdf](http://ageconsearch.umn.edu/bitstream/120249/2/FM_WP14CEPonSalesMarketRegulations_D15.1_Final.pdf)

6.6.3. In Lithuania legal persons deriving at least 50 % of their total income from agricultural activity are allowed to purchase land. Domestic natural and legal persons can own up to 500 hectares of land.

6.6.4. In Belgium, Italy and France, lessees of agricultural land have pre-emptive rights in cases of alienation.

6.7. As the above summary shows, agricultural land market regulation varies considerably from one EU Member State to another. The fact that restrictions exist in some countries and not in others leads to disparities among the Member States. This can help to explain the decision of the Bulgarian Parliament to anticipate direct threats to Bulgarian agricultural land and extend the moratorium on agricultural land acquisitions, due to expire on 22 October 2013, up to 2020, in defiance of an EU warning, since in Bulgaria land prices — but also farmers' purchasing power — are considerably lower than in more prosperous countries.

6.8. An analysis by Factor Markets in 2012 <sup>(12)</sup> notes that dominance by large corporations of the agricultural land market prevents it from functioning normally. Large corporations practicing land grabbing use their weight on both local and regional agricultural land markets to influence land prices and lease conditions.

6.9. National authorities are responsible for land policy: the Member States can set restrictions on transactions if national energy or food security is at risk and if restrictions are overwhelmingly in the public interest. Restrictions are permissible to prevent speculation, maintain local traditions and ensure appropriate land use. Such restrictions also impinge on the principle of free movement of goods and capital laid down in the Treaties. The EESC therefore calls on the European Parliament and the Council to discuss whether the free movement of capital should always be guaranteed in the case of alienation and acquisition of agricultural land and agribusinesses, particularly in relation to non-EU countries, but also within the EU. Allowance must be made for the fact that farmland prices and people's income vary widely between the Member States. We need an answer to the question whether the free movement of capital and free markets are compatible with equal access to land acquisition for all natural and legal persons.

6.10. In the EESC's view, the Member States must be given more opportunities, based on a sustainable farming model, to regulate and limit their respective markets for agricultural land with an eye to food security and other legitimate objectives. At the same time, the EESC calls on all EU Member States to use all of the opportunities available to them in forming legislation. It is clear that in some countries there is a lack of clear policy objectives, or the objectives tend to be discriminatory.

6.11. If the European Parliament and the Council conclude that restrictions on the movement of capital are justified in the interests of food security, discussions at international level will be needed since free movement of capital is safeguarded under various international agreements.

6.12. The legal and political options available to the EU and the Member States enable them to influence land use through subsidies or taxes. Skilful use of CAP instruments and land policy can ensure that farming remains feasible and economically viable, even for smaller businesses, thus preventing land concentration.

6.13. Under the reformed CAP, it would certainly be possible to introduce capping and adjust direct payments so as to give stronger weighting for the first few hectares. At the same time, investment grants and direct payments for small farms could be simplified. However, the Committee doubts that existing restrictions are having much effect in preventing land concentration or that Member States with major structural differences between farms and the highest levels of land concentration use this option sufficiently. The EESC urges Member States to make full use of such options and calls on the European institutions to introduce a more robust mechanism for reallocating aid.

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<sup>(12)</sup> [http://ageconsearch.umn.edu/bitstream/120249/2/FM\\_WP14CEPSonSalesMarketRegulations\\_D15.1\\_Final.pdf](http://ageconsearch.umn.edu/bitstream/120249/2/FM_WP14CEPSonSalesMarketRegulations_D15.1_Final.pdf)

6.14. Agricultural land is a limited natural resource, and land grabbing therefore jeopardises achievement of the objectives set out in Articles 39 and 191 TFEU. The EESC therefore calls on the European Commission and European Parliament to actively address the issue of land use governance.

6.15. The EESC recommends that the introduction of an upper limit on the acquisition of agricultural land by both natural and legal persons be permitted in all EU Member States, with pre-emptive purchase rights for persons below this limit. The competent authorities may exercise pre-emptive purchase rights only for farmers who are below this upper limit.

6.16. Local communities should be involved in land use decisions; this would mean giving them more rights and opportunities.

6.17. Food production should be prioritised over biofuels in agricultural land use.

6.18. Instead of land concentration, policies should encourage a transition from industrial-scale production to smaller production units, which would also be conducive to self-sufficient food production. EU Member States should have state institutions with an overview of agricultural land ownership and use structures. To this end, national databases should include information not only on landowners but also on users. With this kind of data, it would be possible to carry out vital research and to respond to changes.

6.19. The EESC calls on the European Commission and the Parliament to carry out comprehensive impact analyses of how policies and prevailing restrictions affect land concentration in different countries, based on a uniform method. Research should also look at the risks of land concentration for food security, employment, the environment and rural development.

6.20. The EESC calls on all EU Member States to report to the EU Commission and FAO on the use and application of the Voluntary Guidelines on the Responsible Governance of Tenure (VGGT, adopted by the FAO in 2012) in their land governance policies. The VGGT have a global scope (Article 2.4) which includes Europe. The VGGT call on States to set up multi-stakeholder platforms, with the involvement and participation of those most affected, to monitor the implementation of the Guidelines and bring their policies in line with them<sup>(13)</sup>.

6.21. The EESC will continue in the future to pay close attention to trends in land concentration, examine its impact and contribute to proposals to limit it. The World Forum on Access to Land and Natural Resources (WFAL) also supports this initiative and is calling on the European Commission and the Parliament to support these efforts.

Brussels, 21 January 2015.

*The President*  
*of the European Economic and Social Committee*  
Henri MALOSSE

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<sup>(13)</sup> See Article 26.2 of the VGGT: <http://www.fao.org/docrep/016/i2801e/i2801e.pdf>

**Opinion of the European Economic and Social Committee on the ‘Situation after the expiry of the milk-quota system in 2015’**

**(own-initiative opinion)**

(2015/C 242/04)

**Rapporteur: Pádraig WALSHE**

On 10 July 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 after the expiry of the milk-quota system in 2015 (own-initiative opinion).*

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 8 January 2015.

At its 504th plenary session on 21 and 22 January 2015 (meeting of 21 January), the European Economic and Social Committee adopted the following opinion by 219 votes to 1 with 14 abstentions:

**1. Conclusions and recommendations**

1.1. The EESC considers the abolition of the milk quota system from 31 March 2015, as decided in 2008, to be a fundamental change. Since the introduction of this comprehensive method of guiding production on 1 April 1984, it has over time become increasingly clear that dairy prices and farmers’ incomes have not been sufficiently effectively supported and stabilised and that dairy production in the EU has decreased, while rising significantly worldwide.

1.2. The EESC argues that EU dairy policy after expiry of the milk quota system, i.e. post-2015, must not only allow for growth and expansion but should also be obligated to avoid abandonment of dairying and to provide support for smaller farmers especially in disadvantaged areas and mountainous regions. It must allow EU farmers and ultimately the EU economy to benefit from growing global dairy markets, while recognising and fostering the equally valuable economic and social contribution made by small-scale disadvantaged dairy farms in many European regions.

1.3. The EESC believes that this must be done by fully utilising Pillar II provisions of the CAP 2014-2020 and the Milk Package, to ensure dairy farm families can be sustained throughout the territory. Participation in producer organisations which can help farmers improve their standing in the supply chain must be encouraged, and knowledge transfer measures targeted to help farmers improve technical and economic efficiencies.

1.4. However, the EESC considers that the Pillar II budgets and measures, or the measures in the Milk Package which now forms part of CAP 2014-2020, will certainly not suffice to protect vulnerable dairy farmers whether within or outside disadvantaged or mountainous areas. Additional measures may be required to ensure those farmers receive viable incomes and a fair share of market returns. They should also benefit from advisory services on production efficiency, diversification and re-orientation to help them make the best decisions for their future and that of their successors, bearing in mind the limitations of disadvantaged enterprises in terms of income generation capacity.

1.5. The EESC considers it equally critical to ensure that commercial and competitive dairy farmers in all areas, including those more suited to sustainable and competitive dairy production for export are allowed to grow their enterprises to respond to fast rising global demand, and in so doing generate increased employment and revenue for the economy in rural areas of the EU. However, the main challenge for these farmers will be the massive income variations related to the volatility of both dairy commodity prices (and hence producer milk prices) and input costs. It is essential that the EU facilitate the development by Member States and industry of taxation solutions and simple hedging instruments, such as fixed-margin contracts, easily accessible by farmers.

1.6. The EESC urges that the **inadequate level of the ‘safety net’** provisions built into the new CAP be revised, and kept under ongoing review, to ensure they bear a closer relation to actual production costs.

1.6.1. Promotion of dairy products both on the domestic EU markets and for EU exports must also be further fostered. The EU must support the identification and development of new markets, and ensure that international trade deals are balanced and give EU exporters fair access.

1.6.2. On the domestic market, the EU must support the promotion of the health benefits from dairy consumption, which have been reaffirmed by recent scientific research.

1.6.3. The EU must also strengthen its regulation of the retail market to regulate profiteering by retailers and improve the ability of farmers to recoup their costs.

1.7. Finally, the crucial role played by cooperatives in the dairy sector must be recognised and fostered. Cooperatives play a leading role in the global dairy industry, with four cooperatives in the top 10 world dairy companies according to Rabobank's July 2014 survey<sup>(1)</sup>. Cooperatives can play a much stronger part in supporting dairy farmers through the vagaries of volatility than private milk purchasers/processors, as their milk suppliers are by and large also their shareholders. Also, they offer much more sustainable long term commitments to purchasing milk from farmer members at viable milk prices.

## 2. Background — learning from past experience

2.1. The EU average milk price in September 2014 was 37,47 c/kg (Source: LTO milk review)<sup>(2)</sup>, which is down 8,2 % on the February 2014 average price reported by the same source.

2.2. Until late spring, the strong global demand had supported firm prices. However, a correction in prices has started as production growth across the major exporters (+4,3 % p.a. for the January to September period 2014) is outpacing healthy demand growth (+ 2-2,5 % p.a.), mostly from emerging markets. Most recently, the temporary exit of China from the market, having overbought in previous months, and the Russian ban on EU dairy exports — Russia representing 33 % of EU dairy exports — have further impacted on commodity, and therefore producer prices, in the second half of 2014.

2.2.1. With fast falling milk prices in late 2014, EU dairy farmers are understandably worried about the likely impact on their livelihood of the next number of months, as the EU comes out of the quota regime, and production from other global regions continues to rise — for the short term at least. They also legitimately question the readiness and ability of the EU to help them manage inevitable times of low milk prices/incomes caused by future crises.

2.3. The medium and long term prospects for milk and dairy commodities remain strongly favourable on both the world and domestic markets. World demand remains dynamic, especially in the emerging economies, and is well founded in solid demographic trends. Traditional, high quality artisan products, many of which are manufactured in disadvantaged areas from milk produced on vulnerable farms and are highly valued by consumers, are seeing demand increasing even in mature European domestic markets. Innovative dairy products like sports, medical and infant nutrition based on whey and other dairy components are fast rising high value product categories both on domestic and international markets.

2.4. Production increases after the lifting of quotas can be expected especially in those Member States currently restricted by the quotas, such as Ireland, Germany, the Netherlands, Denmark, Austria and Poland, as well as France.

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<sup>(1)</sup> [https://www.rabobank.com/en/press/search/2014/dairy\\_top20.html](https://www.rabobank.com/en/press/search/2014/dairy_top20.html)

<sup>(2)</sup> <http://www.milkprices.nl/>

2.5. However, there are still doubts about the capacity of the EU regulatory framework to deal with episodes of extreme market volatility or with a crisis situation, especially with a view to helping farmers manage their way through volatile margins and incomes, and ensuring the balanced development of milk production across the European Union.

2.6. The Russian ban and its knock-on effects on all EU dairy commodity markets was the first test of the EU's new crisis management regime, and with limited effects on markets from the reopening of the aid for private storage of cheese (before its abrupt closure), as well as the aid for private storage of butter and skimmed milk powder (SMP), plus the extended intervention buying in period and increased spending on promotion, it is clear that the doubts are well founded. Additional measures must be developed to deal with market crises, but most of all the EU must be prepared to put them into action rapidly and decisively.

2.6.1. The EU's experience of responding to a major collapse in dairy demand and prices linked to the financial crash in 2008/09 provided an opportunity to learn. At the time, slow action by the EU Commission meant that, in 2009, it took 6 months' worth of butter intervention purchases, and 8 months' worth of SMP purchases, before market prices started rising above full intervention buy-in equivalent. Intake of butter for private storage went on most of the year (March to December) and continued into 2010, closing only in August 2010. In 2009, a total of EUR 370 000 000 was spent on all intervention measures to support markets, of which EUR 181 000 000 on export refunds. In 2010, a total of EUR 529 000 000 was spent on all intervention measures to support markets, of which EUR 186 000 000 in export refunds. In 2010, the EU Commission made EUR 31 000 000 from selling out SMP and butter intervention stock, and a further EUR 73 000 000 from SMP sales in 2011. Significant quantities of the product in stock was also used in the framework of the Deprived Persons' Scheme, which would otherwise have required financial contribution from the EU budget<sup>(3)</sup>.

2.6.2. Also in 2009/10, the European Parliament voted for EUR 300 000 000 to be paid direct to EU dairy farmers. This was worth just under EUR 600/farmer (based on how it was distributed in Ireland), and was paid in early 2010 with much delay, at a time when prices were already starting to recover. It is unclear how much this measure cost to administer. We need to learn from this experience that such direct payments do little to turn markets around, and a small allocation per farmer ends up costing a huge amount.

2.6.3. At the time of the 2009 dairy crisis, production costs were significantly lower than they are today. Irish production costs were 19 c/l in that year, and had risen to 25,6 c/l by 2014. The intervention 'safety net' represented by current levels of intervention buy-in price for SMP and butter is worth a producer price equivalent of around 20 c/l, and has therefore completely lost any relevance to farmers' costs of production.

2.7. Ideas have been presented on how to equip the EU with the means to preserve viable dairy production in crisis situations, and to better manage harmful consequences for milk production in disadvantaged regions. It is important that the measures put forward are fit for purpose, and consistent with a European dairy market in which dairy prices, even in countries which do not export, are now substantially influenced by global trends. Any form of unilateral EU milk production management, even voluntary, will not change this fact.

### 3. Outlook for dairy markets post-2015

3.1. UN projections for global demographic and socioeconomic trends suggest that the world population will increase from 7 billion today to 8,4 billion by 2030 and to 9,6 billion by 2050<sup>(4)</sup>. Most if not all of this growth is projected to take place in emerging countries, and will be accompanied by an equivalent growth of the 'middle classes'. In a 2012 paper, HSBC Global analysts<sup>(5)</sup> conclude that by 2050, the share of the population earning at least middle-income levels will be 2,6 billion — more than one third of today's world population. This group will be not only more numerous, but more affluent and aspirational in their consumption habits. They are increasingly seeking to secure their protein intake from animal, rather than vegetable form.

<sup>(3)</sup> EU Commission Reports on Intervention Measures in the Dairy Sector 2008, 2009, 2010, 2011 (EU MMO).

<sup>(4)</sup> World Population Prospects: the 2012 Revision, UN, June 2013.

<sup>(5)</sup> Consumer in 2050 — The Rise of the Emerging Market Middle Class — HSBC Global, October 2012.



3.2. Within this, dairy features particularly strongly as it is generally seen by governments and people alike as a healthy contribution to a population's diet, desirable and often supported by official policy (e.g. school milk scheme in China).

3.3. The OECD and FAO, in their most recent Agricultural Outlook report <sup>(6)</sup>, predict that global dairy demand will grow by around 2 % per annum to 2023, especially for SMP, whey and cheese, with butter performing slightly less well around 1 %. In its 7th Dairy Index, published in October 2014, international dairy packaging company Tetra Pak suggested the annual demand growth for the period would be as much as 3,6 %. They and other experts such as GIRA, the IFCN, CNIEL <sup>(7)</sup>, etc. have stated that production growth will be chasing demand growth in the main for the long term, because the regions most suitable for environmentally sustainable and economically competitive production are relatively few — and they include some of the EU's regions, especially the Northern/Western edge.

#### **4. Volatility of margins — the main challenge for dairy farmers**

4.1. While the outlook is extremely positive in the main, occasional imbalances between demand and supply, such as that we are currently living through, will cause temporary price and therefore farm income pressure. Similar volatile global trends for grain and other feed ingredients will add further to this. These events will more than likely be short lived in light of the underlying demographic trends, but they will be potentially very disruptive in the absence of new coping strategies.

4.2. Volatility of milk prices, and therefore incomes, is a relatively new experience for all European dairy farmers, and has followed the substantial removal of market supports and the reduction in import tariffs since 2005 to 2007, at the beginning of the previous CAP Reform.

4.3. While the replacement of market support with direct payments to farmers will play some part in helping farmers deal with income volatility, the level of payment redistribution and the extremes of variations in market-based incomes will require additional strategies.

#### **5. Production management — an inefficient strategy**

5.1. The Uruguay Round deal of GATT (now WTO), which operated from 1986 to 1994, was the first time agriculture was brought into international trade deals. It resulted in fundamental changes in the direction of EU policy. Import opportunities were increased through general lowering of tariffs and the provision of tariff free import quotas. The new GATT deal also saw the beginning of a shift in supports away from markets towards direct payments to farmers which later became increasingly decoupled from productive activity. The European milk quota regime, introduced only 2 years previously, was unaffected, and was rolled forward several times.

5.2. In 2003, with the Mid Term Review of the then CAP, the Member States of the EU agreed to put an end to the quota regime from 31 March 2015. This decision having been made, further 'soft landing' measures followed in 2008 to ease the transition out of quotas. This change in policy direction, which clearly moves away from production restrictions or management, comes at a time when global markets are growing rapidly. It therefore makes sense to allow European dairy farmers and the European dairy industry — and ultimately the EU economy — the opportunity to supply those markets, recouping some of the massive market share losses suffered in the 30 years of quota stagnation.

5.3. However, with the new price volatility which has followed the implementation of the previous CAP causing a major dairy income crisis in 2009, the merits of restricting production have been debated again, with a variety of production management based proposals discussed in various circles in Brussels in the last couple of years.

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<sup>(6)</sup> <http://www.oecd.org/fr/sites/perspectivesagricolesdelocdeetdelafao/produits-laitiers.htm>

<sup>(7)</sup> GIRA Food Consultancy, the International Farm Comparison Network and the French *Centre national interprofessionnel de l'industrie laitière*.



5.4. One such example is the 'Dantin proposal' adopted by the EP during the CAP 2014-2020 negotiations during the summer of 2013. This suggested that, in cases of market disturbances, farmers could be incentivised to reduce production voluntarily (a 'buy out'), while those who increased production could be penalised. This proposal was subjected to an analysis by Dr Michael Keane and Dr Declan O'Connor, commissioned by the European Dairy Association (EDA) <sup>(8)</sup>.

5.5. Future dairy policy options under the headings of 'Market balance and competitiveness' and 'Sustainable milk production including its territorial dimension' were also examined for the EU Commission by a panel of experts from Ernst and Young <sup>(9)</sup>.

5.6. Both studies pointed out that production management/quotas were no longer effective in sustaining and stabilising milk prices and incomes. Both studies also pointed out that the proposed 'buy out', or other similar production management measures, would be difficult to implement across the entire EU, as the level of price which can cause an income crisis varies vastly from country to country; it would also be ineffectual because very slow to take effect; and expensive because of the level of compensation producers would need to encourage them to reduce production voluntarily. Dr Keane and Dr O'Connor further emphasise that, were it to be implemented, it would have a plethora of negative predictable and unintended consequences on the normal functioning of dairy markets, and it would make investment and planning at farm and processing levels nigh on impossible.

5.7. Most of all, however, the study from Dr Keane and Dr O'Connor strongly stresses the point that the proposed measure can only be in any way effective if operated in a closed economy, or if the policy is introduced by all major international suppliers together in an open economy. Introduced unilaterally as suggested, the main winners from this policy would be our international competitors, while EU milk producers would lose competitiveness, yet continue to take the consequences on their milk price of production decisions taken by our competitors in the US or in New Zealand.

5.8. While the EU was constrained by quotas, the world production of milk has increased exponentially — by 22 % in the last 10 years alone. Over the same period, our competitors, especially New Zealand and the US, who both have a strong export vocation, have increased their production very substantially while the EU's was shrinking — and quota constraints did not protect EU dairy farmers from the major price shocks of 2007-2009.

5.9. It is also fair to assume that these countries' export growth strategies, underpinned by some very well publicised investment plans in NZ and the US in particular, will continue post-2015. If the EU does not get into the game, we will find ourselves squeezed out of major global exporting opportunities, at a sizeable cost to EU dairy farmers, but also more generally in jobs and revenue for the EU rural economy.

## 6. Risk management tools and a better 'safety net'

6.1. The Ernst and Young study also strongly recommended the strengthening of the safety net in cases of market crises. It stressed the importance of helping dairy farmers cope with the new income volatility caused by highly variable milk prices and input costs, and references risk management tools, from hedging, using futures markets, etc.

6.2. The EU must allow Member States to provide tax based solutions which help farmers put away funds in good years which are only brought back into the business and taxed in worse years, and can also be leveraged to allow for investment in between for those who are set to expand.

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<sup>(8)</sup> Analysis of the Crisis Dairy Supply Management Proposal in the Report of the Committee on Agriculture and Rural Development (COMAGRI) on CAP Reform 2012/2013 (final version) — September 2013 by Michael Keane PhD, Cork, Ireland and Declan O'Connor PhD, Cork Institute of Technology, Ireland.

<sup>(9)</sup> AGRI-2012-C4-04 — Analysis on future developments in the milk sector Prepared for the European Commission — DG Agriculture and Rural Development Final report 19 September 2013, Ernst and Young.

6.3. The EU must also encourage, promote and possibly also regulate the provision by industry of price and margin hedging options which allow farmers to avail themselves in the simplest possible way of options to fix their milk price/margin for a percentage of their milk and for a set period of time — without having to engage with all the complexities of futures markets dealings. Farmers in the US can already access this type of instruments through dairy co-ops, and a few milk purchasers (Glanbia in Ireland and Fonterra in New Zealand) have brought forward fixed price/margin schemes of value to farmers. Greater availability of such options throughout Europe will be vital.

6.3.1. The Glanbia Index Linked Fixed Milk Price scheme allows farmers to voluntarily lock in a percentage of their milk at a fixed price for 3 years. The price is corrected for a degree of input cost inflation each year, so that the farmers also lock in a good portion of their margin. There have been four such 3-year schemes since 2010, and all have been oversubscribed, because they offer farmers a strong degree of certainty as to the income they will receive for a portion of their milk. It is estimated that 22 % of all the milk purchased by Glanbia is purchased under this scheme, and most of the farmers who have participated in the first scheme have come back for more.

6.4. From an economic point of view, it is also crucial that the EU review the basis for its 'safety net' provisions. Unchanged since mid-2008, the dairy intervention prices offer a 'support' level equivalent to around 19 c/l net of processing costs — which no longer bears any relation to either the now much higher band within which global and EU dairy prices operate, nor the significantly increased primary production costs. The EU must revise upwards its safety net levels by increasing the intervention price for SMP and butter at least in line with production cost increases, and must monitor the relevance of its safety net relative to production costs on an ongoing basis.

6.5. The sector will need to look into whether an additional crisis instrument can be developed, particularly in the event of pronounced price volatility that threatens farmers' livelihoods.

6.6. Cooperatives, from a farmers' viewpoint, are the most successful legal structure to run a dairy business. Cooperatives prioritise returns to their shareholders (farmers), whether by way of dividend or milk prices. The welfare and best business interest of their members is at the root of their activity.

6.7. Cooperatives are in a unique position to act as conduits for the provision to farmers of volatility management options, such as fixed price contracts or opportunities to 'lock in' a milk price and/or margin for a set period of time.

6.8. Any future dairy policy must duly factor in the crucial importance of cooperatives, and must not cause any difficulties for what is the ideal structure from a farmer point of view.

6.9. The inability of farmers to recoup costs from the retail chain must also be tackled. Consumers see little benefit from extreme dairy commodity price reductions, but retailers always seek to secure the fullest benefit by putting the squeeze on suppliers when global dairy prices are falling — as they are at the moment. Lower wholesale prices obtained by retailer pressure — some of it at least morally questionable, if not legally — equate to increased retailer margins and profiteering at the cost of the rest of the chain and consumers. Farmers are at the very end of that chain, and have no way of protecting their margin to sustain their family income. Prompter market intervention by the EU Commission would help turn around market crises faster, and would minimise the retailer pressure highlighted in this point.

## **7. Sustainable milk production in disadvantaged areas**

7.1. Dairy farming makes a vital socioeconomic and environmental contribution in all regions of the EU. Recognising and supporting this contribution, which in many regions relies on small, vulnerable farms, has long been part of the vocation of the CAP. Pillar II of the CAP includes many measures that are relevant in this context, as do the new provisions, now included in CAP/CMO, which were first introduced as the 'Milk Package'.

7.1.1. However, the end of quotas could conceivably accelerate the shift in milk production within the EU towards the North/West areas where production can be carried out most efficiently. This would potentially see production reduced or abandoned in the higher cost (and also poorer) areas of Europe, deepening the economic gap between those regions.

7.1.2. The vast majority of farms in EU Member States have very small numbers of cows, with 75 % of farms with less than nine cows<sup>(10)</sup>. While many are undoubtedly producing milk to supply the farm families' own consumption, the economic vulnerability of those farms is obvious, all the more so as many are located in mountainous or otherwise disadvantaged areas.

7.1.3. The EU Commission must initiate a coherent rural and milk development project for mountainous areas, disadvantaged milk production areas and for Member States where milk production relies on very small herds.

7.1.4. In addition to the knowledge transfer package, or perhaps as part of it, it would be crucial that these farms are given access to advisory and education services to help them make sound business decisions for their own future and that of their successor(s). They could be advised of how to go about diversifying, becoming more efficient, growing their size if it is economically feasible, and also — where relevant — given advice on what alternative occupations for the existing farmer or the successor to consider (career re-orientation).

7.2. In regions at risk of land abandonment, under-grazing or other negative environmental impact, Pillar II environmental payments could be slanted specifically towards dairy farmers based on certain conditions.

7.3. Vulnerable dairy farmers in all regions must be encouraged to engage with producer organisations and inter-branch organisations to promote quality productions and increase their weight and influence in the supply chain.

7.4. Young farmer payments could also be used to encourage generational renewal where the flight from the land is a concern due its limited income generation capacity. For such farmers, investment could be encouraged through favourable loans or other such schemes.

Brussels, 21 January 2015.

*The President*  
*of the European Economic and Social Committee*  
Henri MALOSSE

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<sup>(10)</sup> Source: Eurostat, 1 January 2011.

**Opinion of the European Economic and Social Committee on 'Electromagnetic hypersensitivity'****(own-initiative opinion)**

(2015/C 242/05)

On 10 July 2014, the European Economic and Social Committee decided to draw up an own-initiative opinion, under Rule 29(2) of its Rules of Procedure, on

*Electromagnetic hypersensitivity*

(own-initiative opinion).

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 7 January 2015.

At its 504th plenary session, held on 21 and 22 of January 2015 (meeting of 21 January 2015), the European Economic and Social Committee rejected the draft opinion prepared by the section for Transport, Energy, Infrastructure and the Information Society and adopted the following counter-opinion by 138 votes to 110 with 19 abstentions.

**1. Conclusions and recommendations**

1.1. The EESC acknowledges and is concerned about the prevalence of EHS. It is encouraged to note that further substantial research is ongoing to understand the problem and its causes. It also notes that SCENIHR (Preliminary opinion on Potential health effects of exposure to electromagnetic fields (EMF) SCENIHR 29.11.2013 — [http://ec.europa.eu/health/scientific\\_committees/emerging/docs/scenih\\_r\\_o\\_041.pdf](http://ec.europa.eu/health/scientific_committees/emerging/docs/scenih_r_o_041.pdf)) has been extensively analysing this issue in recent years and will shortly be completing its latest opinion, having engaged extensively in public consultation.

1.2. The EESC understands that the main conclusions of this report will not differ substantially from the preliminary opinion of 2013 which stated 'Overall, there is evidence that exposure to radio-frequency fields does not cause symptoms or affect cognitive function in humans. The previous Scientific Committee's opinion concluded that there were no adverse effects on reproduction and development from radiofrequency fields at exposure levels below existing limits. The inclusion of more recent human and animal data does not change that assessment.' (Preliminary opinion on Potential health effects of exposure to electromagnetic fields (EMF) SCENIHR 29.11.2013 — [http://ec.europa.eu/health/scientific\\_committees/emerging/docs/scenih\\_r\\_o\\_041.pdf](http://ec.europa.eu/health/scientific_committees/emerging/docs/scenih_r_o_041.pdf)).

1.3. This SCENIHR preliminary opinion also noted that new evidence, compared to its previous opinion of 2009, adds weight to the conclusion that radiofrequency exposure is not causally linked to symptoms. It notes that often the belief that the subject is being exposed (when they are not) is sufficient to trigger symptoms.

1.4. However, to allay continuing public concern and to uphold the precautionary principle the EESC urges the Commission to continue its work in this area particularly as further research is still needed to accumulate evidence concerning any potential health impact from long-term exposure, for example using a mobile phone for more than 20 years.

1.5. There remains the issue of public perception. For some individuals the prevalence of EMF is seen as a threat — in the workplace, to their families and in public spaces. Similar groups are equally concerned over multiple chemical exposure, widespread food intolerance or exposure to particles, fibres or bacteria in the environment. Such individuals need support, not only in dealing with actual illness symptoms but with the concerns they express about modern society.

1.6. The Committee notes that EHS sufferers experience real symptoms. Efforts should be made to improve their health conditions with a focus on reducing disability as detailed in Biomedicine and Molecular Biosciences COST Action BM0704 (BMBS COST Action BM0704 Emerging EMF Technologies and Health Risk Management).

## 2. Introduction

2.1. The purpose of this opinion is to explore the concerns expressed by groups in civil society about the use and impact of radio-frequency emitting devices used in industrial and domestic equipment and services which depend on wireless communication. This is seen as relevant by those who both suffer from a non-specific range of health problems and have also adopted the term 'Electromagnetic hypersensitivity syndrome' (EHS) as a definition and implied cause of their symptoms.

## 3. Electromagnetic hypersensitivity as a symptomatic diagnosis of the syndrome

3.1. Unfortunately, from their point of view, the overwhelming medical and scientific opinion is that there is no conclusive evidence to link the wide range of symptoms described as EHS to electromagnetic or radiofrequency exposure (EMF). Thus the World Health Organisation (WHO) states, 'All reviews conducted so far have indicated that exposures below the limits recommended in the ICNIRP (1998) EMF guidelines, covering the full frequency range from 0-300 GHz, do not produce any known adverse health effect.' (WHO: <http://www.who.int/peh-emf/research/en/>) Nevertheless campaigns by activist bodies in several countries continue to demand greater recognition of the perceived problem and more preventive and remedial action on the intensity and prevalence of sources of EMF. Such bodies regard the lack of action by authorities as being at best complacent or worse as part of a wider conspiracy influenced by government, commercial or foreign interests, who are unwilling to face up to the extensive adjustments required were 'wifi' (or other electrically powered devices) to be moderated or curtailed.

3.2. The EU, both before and since the Council Recommendation on the limitation of the exposure of the general public to electromagnetic fields (0 Hz — 300 GHz) (Council Recommendation 1999/519/EC) in 1999 has maintained an active engagement with this topic and has sought the best scientific and medical advice — presented through a series of working groups and the European Commission's Scientific Committee on Emerging Newly Identified Health Risks (SCENIHR). This has resulted in a steady flow of analysis, position papers and opinions which reflect the seriousness with which this is regarded by the authorities, the medical, research, and scientific communities.

3.3. This is not just a European issue. In November 2014 the European Commission hosted the 18th annual Global Coordination of RF Communications on Research and Health Policy Conference which reviewed the extensive global research on this topic. To date, these scientific opinions have not led to a scientific rationale justifying a revision of the exposure limits (basic restrictions and reference levels) of Council Recommendation 1999/519/EC. However, the Commission acknowledges that basic data for evaluating some risks is still limited, especially for long-term, low-level exposure, justifying the need for more research.

3.4. EMS sufferers continue to argue that action on their problem, both by Member States and the EU, falls far short of what they believe is necessary. Most public health authorities, however, do not agree (For example the UK National Health Service — see <http://www.nhs.uk/Conditions/Mobile-phone-safety/Pages/QA.aspx#biological-reasons>). The great majority of independent trials to date have found that self-described sufferers from EHS cannot distinguish between exposure to real and false (meaning zero) electromagnetic fields. 'Double-blind' experiments suggest that people who report electromagnetic hypersensitivity are unable to detect the presence of electromagnetic fields and are as likely to report ill health following a zero exposure, as they are following exposure to genuine electromagnetic fields (British Medical Journal **332** (7546): 886-889).

3.5. However, this is not to deny the reality of EHS-attributed symptoms; clearly many people self-diagnose as suffering from a range of disconnected health problems which they link with electromagnetic fields. The proportion of the population claiming this diagnosis varies considerably between Member States. The World Health Organisation notes that 'EHS has no clear diagnostic criteria and there is no scientific basis to link EHS symptoms to EMF exposure. Further, EHS is not a medical diagnosis, nor is it clear that it represents a single medical problem.' (WHO: Electromagnetic fields and public health <http://www.who.int/peh-emf/publications/facts/fs296/en/>).

3.6. By contrast the thermal impact on the human body of electromagnetic fields has been established for over 100 years and, as noted, EU Council recommendations for electromagnetic fields and international radiation safety standards are in place and under regular review. At the EU level, the following legal instruments have been adopted in the area of electromagnetic fields:

- Council Recommendation 1999/519/EC of 12 July 1999 on the limitation of exposure of the general public to electromagnetic fields<sup>(1)</sup> is designed to complement national policies for improving health. Its purpose is to create a framework for limiting the general public's exposure to electromagnetic fields, based on the best scientific evidence available and to provide a basis for monitoring the situation.
- Directive 1999/5/EC<sup>(2)</sup>.
- Directive 2013/35/EU<sup>(3)</sup>.
- Directive 2006/95/EC<sup>(4)</sup> ensures that the public, including workers, are not exposed to levels beyond those set by the 1999 recommendation.
- Decision No 243/2012/EU<sup>(5)</sup> establishing a multiannual radio spectrum policy programme (RSPP).

3.7. With regard to research, the Committee notes that since the year 2000 the European Commission, in addition to its active engagement on this topic, has provided funding of EUR 37 million for research into EMF and mobile phones.

3.8. The EESC has stated its concerns regarding these issues and expressed its support for reducing exposure to non-ionising radiation in opinions published on these rules while they were being prepared. However, sufferers from EHS are characterised by attributing their symptoms to EMF at intensities well below the limits permitted.

Brussels, 21 January 2015.

*The President*  
*of the European Economic and Social Committee*  
Henri MALOSSE

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<sup>(1)</sup> OJ L 199, 30.7.1999, p. 59.

<sup>(2)</sup> Directive 1999/5/EC of the European Parliament and of the Council (OJ L 91, 7.4.1999, p. 10).

<sup>(3)</sup> Directive 2013/35/EU of the European Parliament and of the Council (OJ L 179, 29.6.2013, p. 1).

<sup>(4)</sup> Directive 2006/95/EC of the European Parliament and of the Council (OJ L 374, 27.12.2006, p. 10).

<sup>(5)</sup> Decision No 243/2012/EU of the European Parliament and of the Council (OJ L 81, 21.3.2012, p. 7).

**Opinion of the European Economic and Social Committee on ‘Situation and operating conditions of civil society organisations in Turkey’**

(2015/C 242/06)

**Rapporteur: Mr METZLER**

At its plenary session on 26 and 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 and operating conditions of civil society organisations in Turkey.*

The Section for External Relations, which was responsible for preparing the Committee’s work on the subject, adopted its opinion on 17 December 2014.

At its 504th plenary session, held on 21 and 22 January 2015 (meeting of 21 January), the European Economic and Social Committee adopted the following opinion by 205 votes with 2 abstentions:

**1. Conclusions and recommendations**

1.1. The EESC encourages the Turkish government and administration to recognise civil society organisations as an important part of society and as a key player in Turkey’s approximation process with EU values and *acquis*. The goal must be to create a society in which all social groups can have a vital part to play. Turkey needs to work as part of a joint effort to create the institutional and legislative framework for a pluralistic, participatory culture of mutual recognition and exchange.

1.2. As a basic prerequisite for the operation of civil society organisations, separation of powers under the rule of law in all areas must be upheld. Disproportionate state interference that unduly hinders their operation, as is the case with respect to special audits, is incompatible with this principle. Their access to redress must also be upheld. Determined efforts should be made to tackle corruption.

1.3. Particular attention should be paid in EU-Turkey dialogue to the effective implementation of basic rights and freedoms, including:

- freedom of expression without fear of individual discrimination or punishment;
- media freedom that promotes diversity;
- freedom of association and assembly, including and especially in conflictual debates and events;
- women’s rights;
- trade union rights;
- rights of minorities, including religious, cultural or sexual minorities;
- consumer rights.

1.4. The separation of powers between the legislative, judiciary and executive, in particular a clear distinction and distinguishability between government action and administrative action — the latter of which must be backed by legislation — is a key prerequisite in ensuring that civil society organisations can operate. An independent judiciary in particular is the basis for any rule of law.

1.5. The EESC calls on the Council of the EU to work towards an opening of Chapter 23 (*Judiciary and Fundamental Rights*) and Chapter 24 (*Justice, Freedom, Security*) of the accession negotiations of Turkey to the EU in order to further accompany the process in Turkey.

1.6. At the same time, the principle of vertical separation of powers — e.g. local self-government — should also be upheld.



1.7. It would be an advantage if civil society organisations in Turkey were given access to information on government (decision-making) processes. To that end, hearings and consultations should be held regularly, in accordance with transparent rules, to allow knowledge gained from the work of civil society organisations and the interests of the social groups they represent to be reflected in political and administrative decisions. The Turkish government and administration are encouraged to engage civil society in a formal discussion process (Economic and Social Council), and to enshrine this in the constitution through the constitutional reform process.

1.8. Certain occupational groups — specifically the liberal professions — have in the EESC's view a particularly important role to play in making a free society under the rule of law a reality. Access to justice or to medical care can only be guaranteed by independent, qualified professionals in whom the public can have confidence based on a relationship of trust that is protected from outside interference or violence. Such trust-based services provided by lawyers, doctors, tax advisers and the like necessitate comprehensive safeguards on professional secrecy.

1.9. Accordingly, these professions need effective self-regulation, for example by professional organisations that ensure that they can fulfil their particular responsibilities towards society and individuals without political interference. The EESC's fact-finding trip identified breaches of this principle.

1.10. Social dialogue at national, branch and enterprise level is desirable in Turkey to allow employees and employers to become partners on equal terms. The goal should also be to improve working conditions and occupational health and safety, which must translate into comprehensive rights for workers <sup>(1)</sup>.

## 2. Introduction and background

2.1. The EESC visit to Istanbul and Ankara on 9 and 10 September 2013 revealed the working conditions of civil society organisations in Turkey to be sometimes palpably handicapped. In some cases, representatives and staff of such organisations had experienced severe personal restrictions, or even physical violence, from state institutions.

2.2. A follow-up visit to Ankara and Diyarbakır from 1 to 3 July 2014 was intended to investigate the current situation and development of conditions for civil society work in Turkey. Discussions were held with representatives of Turkish civil society to enquire as to whether civil society organisations had experienced any changes in their operating conditions since September 2013.

2.3. Those visits were in addition to the regular meetings of the EU-Turkey Joint Consultative Committee, which is monitoring the accession process of Turkey to the EU. EESC members were able to talk with civil society representatives who had not been proposed as discussion partners for the EU-Turkey Joint Consultative Committee.

2.4. These discussions with representatives of a wide variety of civil society organisations and of the government, including a local authority, provided an understanding of operating conditions for civil society organisations in Turkey and of any changes to those conditions. The aim was to use the individual experiences and interpretations of the various civil society stakeholders to paint an overall picture, depicting not the legal framework but rather the situation actually perceived in practice, which is crucially important for people's personal involvement in civil society organisations.

2.5. The assumption is that it will never be possible for all civil society stakeholders to be completely satisfied with their operating conditions, even in optimum circumstances. Instead, the goal must be to work continuously to optimise the environment for civil society involvement by balancing different interests, with a view to the ongoing development of a democratic, pluralistic society, as it is formed in all the EU Member States through an active process.

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<sup>(1)</sup> See *Joint Report on Trade Union Rights Situation in Turkey* (co-rapporteurs: Ms Annie Van Wezel and Mr Rucan Isik), adopted during the 32<sup>nd</sup> meeting of the EU-Turkey Joint Consultative Committee (JCC), 7-8 November 2013 (CES6717-2013\_00\_00\_TRA\_TCD), <http://www.eesc.europa.eu/?i=portal.en.events-and-activities-32-eu-turkey-jcc-jointreport.30035>

2.6. The EESC calls on both Turkey and the European Union to treat civil society dialogue as an absolute prerequisite for rapprochement between their societies and to do their utmost to promote this. This process can only succeed if it is a mutual learning process within an ongoing, open dialogue.

### **3. Institutional and legislative framework for civil society organisations**

3.1. Turkey has made definite progress in relation to the basic principles of separation of powers and independent self-government, although considerable further efforts are called for in applying these principles. Civil society organisations need to have a reliable legal framework as a basis for their operations. This means, among other things, that the applicable law must provide them with enough room for manoeuvre in their work, and must be also properly respected and applied by the state and administration. This legal certainty regarding operating conditions for civil society organisations and their staff must be transparent, and must be guaranteed.

3.2. The main focus of criticism was the constitutional reality, in terms of the ability to rely on public authorities respecting individual rights. Irrespective of whether specific administrative actions were technically lawful or contravened legal provisions, in some cases there was a lack of certainty and transparency regarding the basis or justification for government action, with the result that measures taken by the state were perceived as arbitrary.

3.3. The legal basis for a measure, the party responsible for initiating it, and the reason for a decision or measure should always be disclosed in a way that the party concerned can understand. Prompt access to legal redress must also be guaranteed in practice, and properly documented.

### **4. Separation of powers, the rule of law and individual freedom of action**

4.1. All staff of civil society organisations are also responsible for their actions, as is every other citizen. They must not be subjected to unjust personal disadvantages or restrictions because of their involvement. In particular, their private lives and those of their families deserve full protection.

4.2. The EESC is aware that representatives of civil society organisations have in a number of cases been threatened verbally and through legal prosecution, sometimes personally, and have faced unjustified restrictions on their civil society activities. Some of the restrictions described had been imposed in the context of the Gezi Park protests in May and June 2013 and of the associated legal proceedings.

4.3. The EESC delegation was deeply shocked to hear that, following the Gezi Park protests 'doctors had been forbidden to treat the injured and that patients' files had been demanded for investigative purposes. Some doctors were also allegedly investigated for crimes such as disobeying government regulations because they failed to comply with instructions from the public authorities. Confidential, independent medical care is a human right, irrespective of political events and of the person, and must be provided in accordance with the Hippocratic oath. In medical care as in legal representation, respect by all parties involved for professional secrecy is a cornerstone of trust-based activities, and a characteristic of the rule of law. The importance of compliance with these principles by all officials extends beyond individual cases to the overall functioning of democracy and the rule of law, and to public confidence that their rights will be respected.

4.4. The EESC advises the Turkish authorities to try and regain the lost trust of civil society organisations by ensuring that decisions taken at all levels of government are transparent and comply with the rule of law, and that the decisions taken by legislative, judicial and executive bodies are totally independent.

4.5. Civil society involvement in the democratic decision-making process could be supported within the EU accession process by opening Chapters 23 (*Judiciary and Fundamental Rights*) and 24 (*Justice, Freedom, Security*) and by pro-actively implementing the basic rights and freedoms that they contain.

4.6. The EESC underlines that the independence of the judiciary including judges is a fundamental element of a free civil society in a democracy. In particular, judges must be able to administer justice independently and in accordance with the law, without indirect instructions from other bodies, without having pressure put on them individually, and without being threatened with personal disadvantages.

## 5. Transparency and communication for civil society involvement

5.1. The EESC would welcome the government and administration in Turkey making greater use of the potential of civil society organisations in drafting and communicating policy decisions, by consulting them regularly before taking decisions and by providing them with access to information on government decision-making processes with a view to dialogue. Many Turkish civil society organisations complained of a lack of opportunities to access government decision-making processes. In the EU Member States, representatives of civil society organisations are consulted on a regular basis before making decisions, so as to incorporate the collective opinions and interests of members of these organisations into the process and improve the quality and social viability of the decisions made. By consulting the social groups involved or affected, as an established part of the legislative and regulatory process, public authorities can first of all anticipate possible areas for improvement and secondly make use of the organisations concerned to pass the decision on within their spheres of influence.

5.2. The Turkish government and administration are encouraged to engage civil society, including minorities, in a formal, structured political opinion-forming process by setting up an Economic and Social Council, and to enshrine this in the constitution through the constitutional reform process.

5.3. Representatives of civil society organisations perceived themselves as very restricted in their communication with members and the public at the time of the fact-finding trip. They said that it was difficult — or even virtually impossible — to get access to the press, due to the sometimes oligopolistic structure of the media and their often fundamentally one-sided editorial stances, and reported significant economic dependencies and direct influence on the media. They also said that this caused restrictions both on reporting on the work of civil society organisations and on opportunities for open political debates in which positions critical of the government could be expressed.

5.4. The EESC considers that there is still more to be done to establish a free and varied media landscape. Repressive measures, including imprisonment, targeting journalists for critical reporting must end at once.

5.5. The EESC is critical of the temporary block on the microblogging service Twitter. The Turkish government should support freedom of opinion, including on social media, and this should be permitted as an element of the lively exchange of views as part of a democracy.

## 6. Experiences of protection of minorities as a touchstone for the functioning of democracy

6.1. Protection of social minorities should be taken seriously, as a touchstone for the functioning of democracy. Discrimination by public authorities should be systematically abolished; and discrimination by third parties should be legally resolved and prevented by means of public education campaigns. Civil society involvement in democratic decision-making processes could be facilitated within the EU accession process by opening Chapters 23 (*Judiciary and Fundamentals Rights*) and 24 (*Justice, Freedom, Security*) and implementing the basic rights and freedoms therein without delay.

6.2. Even though women cannot reasonably be described as a minority, the EESC asks Turkey to use instruments for the protection of minorities to promote gender equality. To this end, Turkey should implement the UN Convention on Women's Rights. The advancement of women and girls in all areas of society — particularly in terms of access to the labour market, including the civil service — should be a policy objective for Turkey, and one that it pursues actively. The Turkish state should support mothers in difficult circumstances by providing independent specialist advice, so as to reduce the number of illegal abortions. Tried-and-tested forms of cooperation between women's rights organisations and the Turkish state should be continued and consolidated.

6.3. Turkey should continue to work to integrate the Kurdish minority as part of Turkish society and to promote the Kurdish culture and language.

6.4. The EESC asks Turkey to protect people with different sexual orientations or gender identities from discrimination and to integrate them in society.

6.5. The EESC has been told that Turkey's constitutional principle of state secularism is in some cases being breached, with, in particular, information on religion being required in official identity documents. Members of religious minorities, including Alevis, apparently suffer disadvantages in community life and in terms of job prospects. Turkey is asked to make further efforts to integrate religious minorities into society without discrimination.

## **7. Social dialogue as a tool and expression of democracy in the workplace**

7.1. The EESC has identified shortcomings in the implementation of the systematic inclusion of employees in relevant decisions. Trade unions report restrictions on the freedom of association and assembly, which are fundamental conditions for membership of trade unions. In addition, the EESC has been told that trade unionists, in particular members of works councils, have been personally put under pressure in contravention of freedom of association.

7.2. The EESC noted with consternation that there were shortcomings in the design and implementation of occupational safety measures that had resulted in accidents prior to the fact-finding trip 'such as the mine accident in Soma in May 2014. The Committee calls on the Turkish government and administration to work with employees to develop precautions to protect workers' lives and safety and to ensure that such measures are implemented across the board.

## **8. Local self-government as a tool for participatory democracy**

8.1. In Turkey, the principle of local self-government in some places remains a mutual learning process in which the roles and powers of the different authorities need to be defined and fleshed out incrementally. The EESC notes that the vertical separation of powers is also used in Turkey as a tool for developing a web of connections between the state and social groups, and that democratic processes should be anchored more firmly at regional and local level. This could be another opportunity to get civil society organisations with direct local connections involved in political decision-making processes, for example as informed citizens and independent advisers.

## **9. General social preconditions for civil society organisations**

9.1. The state and media could do even more to promote public understanding of the diversity of groups within society and of the need for civil society organisations and representation of interests, in order for minorities to be recognised as a legitimate and enriching part of Turkish society.

9.2. In order for civil society organisations to develop and operate professionally, they need a social structure that is pluralistic and participatory in practice. This depends not only on having the institutional mechanisms to enable civil society organisations to operate under law, but also on maintaining the practical framework conditions for civil society involvement. As well as individual commitment to the interests and values being pursued, voluntary work depends on the recognition people get for their involvement.

9.3. Some discussions with civil society stakeholders revealed that they perceived their work as an unequal fight against authority, rather than as the legitimate representation of interests. The use in some cases of a rhetoric of opposition, distrust and resistance to social or government forces was troubling. This attitude is not conducive to mutual understanding or to achieving substantive progress through mutual change, and runs the risk of creating rifts between groups within Turkish society.

9.4. To overcome a climate of mistrust and fear, the authorities and civil society organisations are invited to enter into dialogue and trilogue with their European partner organisations in order to promote a climate of mutual respect and trust.

Brussels, 21 January 2015

*The President*  
*of the European Economic and social Committee*  
Henri MALOSSE

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## III

*(Preparatory acts)*

## EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

504TH EESC PLENARY SESSION OF 21 AND 22 JANUARY 2015

**Opinion of the European Economic and Social Committee on the 'Proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 726/2004 laying down Community procedures for the authorisation and supervision of medicinal products for human and veterinary use and establishing a European Medicines Agency'**

COM(2014) 557 final — 2014/0256 (COD)

(2015/C 242/07)

**Rapporteur: Ms HEINISCH**

On 20 and 23 October 2014 respectively, the European Parliament and the Council decided to consult the European Economic and Social Committee, under Articles 114 and 168(4)(c) 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 (EC) No 726/2004 laying down Community procedures for the authorisation and supervision of medicinal products for human and veterinary use and establishing a European Medicines Agency*

COM(2014) 557 final — 2014/0256 (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 16 December 2014.

At its 504th plenary session, held on 21 and 22 January 2015 (meeting of 21 January), the Committee adopted the following opinion by 223 votes with 1 abstention.

**1. Conclusions and recommendations**

1.1. The amendment of Regulation (EC) No 726/2004<sup>(1)</sup> is part of a regulatory package introducing new rules governing EU veterinary medicines. The regulation in question deletes references to veterinary medicines and thus completely decouples provisions governing veterinary medicines from those governing human medicines. This makes sense in view of the different operating environment of each sphere, and the Committee endorses the change. These proposed changes to the regulation are in our view consistent. No specific proposals for changes to the regulation are presented, nor do they appear necessary. The EESC recommends that the proposal for a regulation be approved in its current form.

1.2. On the other hand, the **new rules** on veterinary medicines that have been proposed concurrently, in the proposal for a regulation COM(2014) 558 final — 2014/0257 (COD), are much more significant than the above-mentioned deletion of references to veterinary medicines in the proposal that is the subject of this opinion.

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<sup>(1)</sup> OJ L 136, 30.4.2004, p. 1.

1.3. Following an initial inspection of the documents, the Committee also welcomes the proposal for a regulation on veterinary medicines, the proposal amending Regulation (EC) No 726/2004 laying down Community procedures, and the proposal for a regulation on the manufacture, placing on the market and use of medicated feed. However, the Committee believes that a number of points could be improved upon to ensure that the objectives of improving the availability of veterinary medicines, reducing red tape and promoting innovation and competitiveness, as well as enhancing the functioning of the internal market, are really achieved.

1.4. The European institutions must bear in mind that any marketing authorisation for an animal health product has an impact on the food chain and on human health, for example through infiltration and being released in various ways into water as a result of nanotechnology, recycling of waste water and new permeability pathways in certain groundwater systems.

1.5. On the other hand, the Committee's remit does not extend to commenting on these proposals in more detail.

## 2. Introduction

2.1. The rules governing the production, distribution and use of veterinary medicines were codified in 2001 (Directive 2001/82/EC <sup>(2)</sup>). The regulation governing, inter alia, the centralised authorisation procedure and the European Medicines Agency (Regulation (EC) No 726/2004) was recast at the same time. These texts regulated the authorisation, production, marketing, pharmacovigilance and use of veterinary medicines over their whole life cycle. The annexes to Directive 2001/82/EC also specified information to be submitted with an application for authorisation. Regulation (EC) No 726/2004 likewise set out rules on veterinary medicines (alongside those on human medicines) and regulated cooperation with the European Medicines Agency.

2.2. The rules on granting and managing authorisations for veterinary medicinal products are now to be deleted from Regulation (EC) No 726/2004 and transferred to a new regulation on veterinary medicines. That new regulation is to cover every type of authorisation for veterinary medicines in the Union, both centralised and national procedures.

2.3. The costs of the procedures and services arising under this Regulation are to be passed on to the manufacturers and distributors of the products in question, or those applying for the authorisation. The principles applicable to fees payable to the European Medicines Agency are laid down to this end. These also include rules that allow for the particular needs of SMEs, in accordance with the provisions of the Lisbon Treaty.

2.4. The Treaty of Lisbon, which entered into force on 1 December 2009, makes a distinction between the power conferred on the Commission to adopt non-legislative acts of general application to supplement or amend certain non-essential elements of a legislative act under Article 290 TFEU (delegation procedure) and the power to adopt implementing acts under Article 291 TFEU (implementing procedure).

2.5. These two powers are governed by entirely separate legal frameworks.

2.5.1. Use of delegating powers is provided for in the following non-binding instruments:

- Communication from the Commission to the European Parliament and the Council on the implementation of Article 290 of the Treaty on the Functioning of the European Union <sup>(3)</sup>,
- Common Understanding on Delegated Acts concluded between the Parliament, the Council and the Commission,
- Articles 87a and 88 of the Rules of Procedure of the European Parliament, as amended by the Decision of 10 May 2012 <sup>(4)</sup>.

<sup>(2)</sup> OJ L 311, 28.11.2001, p. 1.

<sup>(3)</sup> COM(2009) 673 final, 9.12.2009.

<sup>(4)</sup> Doc. A7-0072/2012.



2.5.1.1. The Committee recently adopted a detailed information report on the delegation of powers, and strongly recommends this as an aid to understanding the present opinion <sup>(5)</sup>.

2.5.2. Use of the implementing powers provided for under Article 291 of the TFEU is regulated by these legally binding instruments:

- Regulation (EU) No 182/2011 <sup>(6)</sup> (hereinafter referred to as the Comitology Regulation), which provides for two procedures: the advisory procedure and the examination procedure,
- Decision 1999/468/EC <sup>(7)</sup> (hereinafter referred to as the Comitology Decision), amended in 2006 in order to strengthen the powers of scrutiny of the Parliament and the Council, which provides for the regulatory procedure with scrutiny.

2.5.3. The regulatory procedure with scrutiny has been used to adopt implementing measures which amend non-essential elements of legislative acts. The wording of Article 5a of the Comitology Decision <sup>(8)</sup> is very similar to the definition of delegated acts. A delegated act as defined in Article 290 TFEU is a quasi-legislative act adopted by the Commission in order to supplement or amend certain ‘non-essential elements of the legislative act’.

2.5.4. Given this similarity, Article 5a of the Comitology Decision and the regulatory procedure with scrutiny have remained in force provisionally between 2009 and 2014, as the Commission wanted to use this period to adapt the existing regulatory procedure with scrutiny provisions to the delegated acts regime.

2.5.5. In response to a call from the European Parliament <sup>(9)</sup>, the Commission has therefore undertaken, with the Council’s support, an alignment exercise involving a number of regulations, directives and decisions <sup>(10)</sup>.

### 3. Commission proposals

3.1. The Commission has published three proposals for a regulation:

- Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 726/2004 laying down Community procedures for the authorisation and supervision of medicinal products for human and veterinary use and establishing a European Medicines Agency (COM(2014) 557 final),
- Proposal for a Regulation of the European Parliament and of the Council on veterinary medicinal products (COM(2014) 558 final),
- Proposal for a Regulation of the European Parliament and of the Council on the manufacture, placing on the market and use of medicated feed and repealing Council Directive 90/167/EEC <sup>(11)</sup> (COM(2014) 556 final).

3.2. This regulatory package is intended to completely decouple the provisions governing human medicines from those governing veterinary medicines.

3.3. To achieve this, the first of the above-mentioned proposals removes all references to veterinary medicines contained in Regulation (EC) No 726/2004 laying down Community procedures for the authorisation and supervision of medicinal products for human and veterinary use and establishing a European Medicines Agency.

3.4. In the Regulation of the European Parliament and of the Council on veterinary medicinal products (COM(2014) 558 final), the provisions governing veterinary medicines are then recast. Among other things, the centralised authorisation procedure is also to be introduced for veterinary medicines, although other authorisation procedures (national procedures, decentralised procedures and the mutual recognition procedure) remain available. Another objective of the new rules is to reduce the red tape associated with changes to authorisations of veterinary medicines.

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<sup>(5)</sup> Information Report on *Better Regulation: Implementing acts and delegated acts* (INT/656).

<sup>(6)</sup> OJ L 55, 28.2.2011, p. 13.

<sup>(7)</sup> OJ L 184, 17.7.1999, p. 23.

<sup>(8)</sup> Council Decision of 17 July 2006 (OJ L 200, 22.7.2006, p. 11).

<sup>(9)</sup> EP Resolution of 5 May 2010 (P7-TA (2010) 0127), point 18.

<sup>(10)</sup> Statements by the Commission (OJ L 55, 28.2.2011, p. 19).

<sup>(11)</sup> OJ L 92, 7.4.1990, p. 42.



3.5. The basic objective of this regulation is sound and the EESC endorses it. However, a detailed analysis of the proposal for a regulation would not fall within our remit.

3.6. The third proposal for a Regulation — on the manufacture, placing on the market and use of medicated feed and repealing Council Directive 90/167/EEC (COM(2014) 556 final) — is intended to finally fix uniform EU-wide conditions for the production and use of medicated feed. The provisions of Directive 90/167/EEC, which sets out the conditions under which medicated animal feed may be manufactured, placed on the market and used within the EU, were couched in general terms, and this proposal makes them more specific and binding. The intention is to ensure that the internal market for medicated feed is competitive and innovative, and that it operates smoothly, while guaranteeing a high level of protection of human and animal health.

3.7. The European institutions must bear in mind that any marketing authorisation for an animal health product has an impact on the food chain and on human health, for example through infiltration and being released in various ways into water as a result of nanotechnology, recycling of waste water and new permeability pathways in certain groundwater systems.

3.8. In summary, the EESC basically welcomes the decoupling of the rules for human and veterinary medicines, as well as the proposed new rules on veterinary medicines. Particularly welcome are the extension of the centralised authorisation procedure and the proposals on simplifying administrative procedures relating to applying for and managing authorisations for veterinary medicines.

Brussels, 21 January 2015.

*The President*  
*of the European Economic and Social Committee*  
Henri MALOSSE

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**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 — Sixth report on economic, social and territorial cohesion: investment for jobs and growth’**

COM(2014) 473 final

(2015/C 242/08)

**Rapporteur: Paulo BARROS VALE**

On 23 July 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 — Sixth report on economic, social and territorial cohesion: investment for jobs and growth*

COM(2014) 473 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 16 December 2014.

At its 504th plenary session, held on 21 and 22 January 2015 (meeting of 21 January), the European Economic and Social Committee adopted the following opinion by 211 votes to 1 with 3 abstentions.

## **1. Conclusions**

1.1. The EESC welcomes the *Commission communication — Sixth report on economic, social and territorial cohesion*, while also wishing to express certain reservations and concerns on this extremely important topic.

1.2. Cohesion policy should continue to pursue its original objective, enshrined in the Treaty on the Functioning of the European Union, of promoting social, economic and territorial cohesion, placing cooperation and solidarity at the service of harmonious development and creating prosperous communities. The focus on the Europe 2020 strategy is important, although insufficient given the current challenges.

1.3. The report bears witness to European efforts to make Europe a better place but it also indicates the difficulty of achieving this. The crisis has increased economic and social disparities, worsening the differences between Member States (and also within them) and concentrating growth and development. Not only did the crisis interrupt the convergence which had been achieved; in some cases the situation actually worsened, and recession is a fact of life across almost the whole euro area.

1.4. At times of crisis such as the present, most Member States — particularly those in the euro area — are not in a position to promote investment, and the differences between peripheral and central regions (both between and within Member States) increase. This has the perverse effect of causing migration and investment to centre on more developed areas, leaving other areas abandoned and in decline.

1.5. The austerity policies adopted have not generally produced the desired effects. Although pursuing budgetary balance is necessary, it cannot be achieved at any cost, as this would have the counterproductive effect of cancelling out the effects of cohesion policy.

1.6. In many cases, cohesion policy will be the main source of investment; it needs to be more ambitious, or even radically reviewed, pending an upturn in growth and employment. The results achieved so far indicate that cohesion policy resources are manifestly insufficient to solve the real problems. Alternative forms of convergence financing will thus have to be found to bring cohesion policy to a new stage, not based solely on European solidarity — a very sensitive issue at the present time. Europe is making great efforts at solidarity but the resources mobilised for this are not enough to meet real convergence needs, given the scale of the needs facing the most economically and socially lagging regions.

1.7. In a global economy, different regions have been suffering different effects of globalisation. Regions respond differently to investment, and study is needed of why some regions are catching up while others are not. It is vital, through cohesion policy, to establish new forms of governance enabling regions to meet the challenges facing them. The role of the State should help to exploit the specific attributes of regions, ensure smart regulation principles, guarantee entrepreneurial drive and support development (especially of SMEs), and boost innovation capacity, promoting wellbeing, quality of life, social cohesion and environmental sustainability.

1.8. Cohesion policy must continue to strive to promote economic growth and competitiveness, while not forgetting social objectives in support of smart and inclusive growth. The EESC supports the sixth report's motto of 'investment for growth and jobs'.

## 2. Proposals

2.1. Cohesion policy must channel and invest its funds with the basic aim of promoting a special investment plan for growth and jobs. In tandem with the Juncker plan which has now been approved, it should give priority to the funding of transnational European structural projects (e.g. various transport and broadband networks), and provide direct funding for businesses (especially SMEs) in sectors vital for social development and social economy activities.

2.2. The recently adopted Juncker plan sets up a new European Fund for Strategic Investment, financed by existing Community funds and the EIB. Its extremely ambitious goal is to secure maximum use of private and public investment funds by selecting projects which can be rapidly implemented. The plan assumes that there is huge untapped demand for this type of investment. Only time will tell if it can succeed.

2.3. With wider objectives in mind, cohesion policy could, alongside the funds available, find autonomous forms of financing such as European Investment Bank (EIB) involvement or eurobonds, without affecting fiscal consolidation efforts or achievement of the targets of the Stability and Growth Pact.

2.4. To ensure that investment has a multiplier effect, a significant proportion of the Structural Funds remaining from the preceding period (2007-2013), together with funds from the new period, should be allocated to the EIB, in order to provide a fresh injection of capital able to attract venture capital available on the market that could provide leverage for cohesion policy <sup>(1)</sup>.

2.5. Cohesion policy needs to be closely coordinated with other EU initiatives, and notably with the promotion of Economic and Monetary Union so that the 11 objectives set can be achieved and 'investment for growth and jobs' can actually take place.

2.6. Cohesion policy must not call into question the fiscal consolidation targets. The poorest countries do not at present have the resources to promote public investment and so do not offer attractive conditions for private investors. The additivity principle has to be carefully applied and adapted in Member States making efforts in this area, as failure to comply with this principle affects the allocation of funds which, in some cases, may be the only source of investment financing. The EESC supports the application of golden rules to provisionally exclude from the fiscal compact (and/or the stability pact) co-financing from the Structural Funds in the regions and Member States hardest hit by the recession <sup>(2)</sup>.

2.7. Monitoring the results achieved is vital. The EESC reiterates its firm belief that mid-term and final results should be monitored by dynamic teams who can present their conclusions at an annual European summit <sup>(3)</sup> that will promote debate and the adoption of any corrective measures which prove necessary.

2.8. Cohesion policy must be implemented with the close involvement of the social partners. The governance model for cohesion policy programmes should consider the allocation of global grants to organised civil society in order to provide support that is close to communities and directly targeted on specific problems. The EESC has been advocating this for a long time, but sadly its proposal has not been taken up by the EU authorities.

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<sup>(1)</sup> OJ C 143, 22.5.2012, p. 10.

<sup>(2)</sup> OJ C 451, 16.12.2014, p. 10.

<sup>(3)</sup> OJ C 248, 25.8.2011, p. 68.

2.9. In order to enable the social partners to monitor progress, proper follow-up mechanisms must be established to ensure that they are not (as often occurs) mere spectators but are able to play a truly active role. Input from organised civil society representatives is vital, not only when designing operational programmes but also when monitoring and assessing results. Involving the partners encourages discussion of the difficulties faced and proposals for improving and simplifying access to EU funding and using the funds more efficiently.

2.10. Simplifying and harmonising the rules that govern the programmes, and standardising procedures and forms, is vital in order to improve outcomes. The Commission can simplify some procedures, but the main role lies with the Member States as EU regulations establish possibilities rather than obligations. Member States should be supported and encouraged to radically simplify procedures and not add unnecessary details; these efforts can be monitored by the Commission, preferring rigorous checks on results rather than purely administrative controls, wherever possible. Simplification could form the subject of an extraordinary measure (new regulation) by the Council<sup>(4)</sup>.

2.11. There are various situations in which one could apply the principle of granting investment and assessing eligibility of expenditure with the option of repayment based on simplified costs (flat-rate principle), for example in relation to general operating costs; the eligible expenditure then depends on the result, and not on allocations based on allocation keys. Member States should be encouraged to apply this system wherever possible, simplifying procedures.

2.12. Alongside simplification of administrative procedures which add nothing to the results, training should be provided for entrepreneurs (especially in SMEs), their employees, and public officials. Training is a basic tool for understanding financing mechanisms and for using the available funds properly. In particular, training of public officials is vital for achieving the thematic objective of better public administration.

2.13. Resources saved by cutting red tape could be used for setting up a group at the Commission to support and assist countries and regions in drawing up and carrying out cohesion policy projects. This group could support countries and regions by taking the place of the national bodies managing European funds, as a last resort and in the event of non-compliance, whether with planning or with the implementation of plans and keeping to schedules.

2.14. Cohesion policy objectives cannot be measured by quantitative indicators alone. Promoting social, economic and territorial cohesion — the focus of cohesion policy — includes objectives which must also be measurable using qualitative indicators; these should be designed to measure development as well as growth. For example, it is not enough to measure the number of unemployed people who have gained training and work; one must also measure the impact of this training on improving living conditions.

2.15. *Ex ante* conditionality, which introduces a number of conditions to be met before funds can be released, cannot be used to exclude some of the most indebted regions whose economic circumstances prevent them from investing or attracting investment in order to create these conditions. *Ex ante* conditionality should be applied very carefully, or even suspended for a certain period when there is a risk of crisis and deflation, in order not to worsen the vulnerable situation of some regions by denying them any possibility of obtaining growth-promoting financing, as this would make their problems even worse.

2.16. Macroeconomic conditionality should not be used to penalise regions and their inhabitants for bad macroeconomic decisions taken at national or EU level<sup>(5)</sup>.

### 3. General comments

3.1. The introduction of reforms to cohesion policy was already addressed in the Fifth report on economic, social and territorial cohesion, and the EESC was able to endorse the general approach.

3.2. Cohesion policy is presented as the main driver of growth. However, it must be remembered that it will only succeed in this if it acts in concert with the other EU policies. Although it is important for cohesion policy to focus on the Europe 2020 targets, this is not enough: joint implementing strategies have to be established with the other common, economic, social and regional instruments and policies.

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<sup>(4)</sup> OJ C 44, 15.2.2013, p. 23.

<sup>(5)</sup> OJ C 191, 29.6.2012, p. 30.

3.3. Special care is needed when implementing cohesion policy in the countries worst hit by the crisis, which are in the throes of fiscal consolidation efforts that are affecting public investment. The balance between application of the additionality principle and need for fiscal consolidation is tenuous; failure to coordinate objectives and the means of attaining them could have an impact on fiscal consolidation and/or nullify the potential effects of cohesion policy.

3.4. Although the importance of cohesion policy in the development of the most disadvantaged regions is recognised, in some regions this growth could have been further strengthened if there had been more conducive conditions for development. The EESC welcomes and supports the introduction of concern for good governance, which seeks to foster a better environment for development, in keeping with the guidelines issued by the OECD.

#### 4. Specific comments

4.1. There is still a long way to go before Europe gets back to the development, employment and prosperity levels it enjoyed prior to the crisis. Smart, sustainable and inclusive growth — a priority of the Europe 2020 strategy — is now being supported by the realignment of cohesion policy.

4.2. The sixth report does not yet assess the impact of cohesion policy in the 2007-2013 period, as the *ex post* evaluation will only begin in 2015. However, from the data presented it is clear that the crisis had a major impact and that cohesion policy was not able to counter its effects; thus, differences remained and in some cases actually worsened.

4.3. Clearly defined strategies are advocated for each investment area, taking account of the specific features of each region: this is essential. As the communication states, 'projects should follow strategies and not the other way round'. However, defining strategies is not enough. An appropriate regulatory framework has to be created; this must be strict, without imposing pointless and off-putting red tape. As the communication says, operating in a favourable environment is essential. The Commission must act firmly in countries which fail to comply, in order to prevent funds being wasted, as the Member States which are net contributors will not accept this.

4.4. One new tenet of cohesion policy concerns the benefits of supporting a limited number of priorities, as there are insufficient resources to satisfy all the needs of the less developed regions. Concentrating resources on support for high-impact projects with lasting socioeconomic effects has its advantages in resolving specific problems. However, this type of approach could prove counterproductive in some cases: in countries whose regions have differing development levels and where there is insufficient private investment, concentrating resources too narrowly will deny growth and development to areas and sectors which could otherwise benefit from cohesion policy funds, helping them to catch up and contribute positively to integrated development.

4.5. While various figures are provided regarding the impact of cohesion policy, the true impact of investment remains difficult to quantify, showing that the choice of indicators was probably not the most appropriate. The EESC is pleased to see that this seems to be changing, as shown in the intention to define clear, measurable objectives and results. The priorities, indicators and targets established in the partnership agreements need to be monitored over time so that corrective measures can be taken where necessary, ensuring Member States' effective responsibility for results and reliable monitoring of measures.

4.6. However, the choice of indicators should not stop at quantitative ones. Although quantity is the ideal aspect for measuring growth, development requires the use of qualitative indicators and these should not be neglected.

4.7. The communication mentions cities as an engine for growth. They will receive around half of available ERDF funding. Investment in cities and in their potential as a catalyst is to be welcomed, but with certain reservations. The EESC points out that care must be taken with such investment in order to ensure it does not fuel undesirable centralising tendencies. While it is true that the pull exerted by cities can encourage development, it is also true that overpopulation aggravates poverty and social exclusion. Moreover, lack of investment in less central regions threatens the quality of life of their residents, leading more of them to move away to the big cities and no longer work in agriculture, fisheries or industrial sectors that are essential for the EU's development.

4.8. Better inclusion of the social partners and civil society organisations is highlighted as a basic tenet of cohesion policy. In January 2014 the Commission published a delegated regulation on the European Code of Conduct on Partnership in the framework of the European Structural and Investment Funds <sup>(6)</sup>. Analysis of this document prompts the conclusion that it does not entail any major innovations to existing practice. It lists basic principles for selecting and involving the partners, together with some good practices, but without describing any binding mechanisms for follow-up by the social partners. In fact, in many Member States the social players still play only a symbolic role in decisions: consultation takes place, but the opinion of those closest to the situation on the ground and best acquainted with the problems is not taken into account. Despite these difficulties, the EESC reiterates its support for widespread implementation of the European Code of Conduct.

4.9. The EESC has already stated its firm belief that involving all partners and organised civil society stakeholders in the preparation, execution and *ex post* evaluation of programmes and projects helps to improve their quality and efficient delivery <sup>(7)</sup>.

4.10. Red tape needs to be cut. Making use of audit recommendations, programmes should focus on monitoring the results achieved rather than on how they are obtained, with tortuous administrative procedures that require gargantuan and costly public and private structures. Red tape is a real barrier to participation for many entrepreneurs, as well as to efficient public administration. Simplifying and standardising procedures, rules and forms is both possible and desirable.

### 5. Good governance: a new challenge for 2014-2020

5.1. Although there are two schools of thought about the importance and influence of good governance for economic growth, more and more people take the view that good governance and efficient public institutions are a prerequisite for strong economic growth. The EESC shares this view.

5.2. Guaranteeing legal certainty and an independent judicial system, and regulating in an appropriate and stable manner, reduce administrative waste and create a feeling of stability that is conducive to investment, which directly affects cohesion policy.

5.3. The EESC supports the move to include concern for good governance in cohesion policy, as enshrined in the principles for effective public investment set out by the OECD, as this is necessary across the board. Implementing projects and new business is easier in some Member States than in others. These discrepancies need to be ironed out, as weak governance has an impact not only on the domestic market but also on the EU single market, creating barriers for operators from other Member States.

5.4. In some Member States there is a need to improve coordination at regional level, or indeed to establish effective regional governance as a bridge between national and local government, able to delineate regional strategies which are important for regional development and convergence. Central government is frequently unable to interpret the needs and priorities of the regions, but in some cases it does not give the requisite powers to regional authorities, which merely provide a sounding board for the national political authority, without any added value for the region.

5.5. In the context of the new concern for good governance, it must not be forgotten that more efficient public administration will only be achieved if training for public officials goes hand in hand with the political commitment to make the requisite regulatory changes.

Brussels, 21 January 2015.

*The President*  
*of the European Economic and Social Committee*  
Henri MALOSSE

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<sup>(6)</sup> Commission Delegated Regulation (EU) No 240/2014 (OJ L 74, 14.3.2014, p. 1).

<sup>(7)</sup> OJ C 44, 15.2.2013, p. 23.

**Opinion of the European Economic and Social Committee on the ‘Communication from the Commission on effective, accessible and resilient health systems’**

(COM(2014) 215 final)

(2015/C 242/09)

**Rapporteur: Mr José Isaías RODRÍGUEZ GARCÍA CARO**

On 4 April 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

*Communication from the Commission on effective, accessible and resilient health systems*

COM(2014) 215 final.

The Section for Employment, Social Affairs and Citizenship, which was responsible for the Committee's work on the subject, adopted its opinion on 18 December 2014.

At its 504th plenary session, held on 21 and 22 January 2015 (meeting of 21 January), the European Economic and Social Committee adopted the following opinion by 206 votes with 10 abstentions.

## **1. Conclusions and recommendations**

1.1. The EESC welcomes the communication, setting out its comments in this opinion, and calls on the Commission and the Member States to work together as fast as possible on the strategic guidelines the communication proposes, coordinating their efforts.

1.2. We consider that, in the interests of the greatest well-being of the EU citizens, the Member State health systems must remain firmly rooted in principles and values such as universality, accessibility, equity and solidarity. Without these fundamental principles we cannot create a social dimension for Europe, and they must therefore be safeguarded and protected in all EU policies connected with citizens' health.

1.3. We firmly believe that the economic crisis affecting the European Union in general and certain Member States in particular cannot be resolved with measures that ultimately reduce the European citizens' rights to health protection. Despite healthcare costs and prices, health is not a commodity, and it must not, therefore, depend on people's purchasing power.

1.4. Increasing the effectiveness of health systems means ensuring the value of resources, using them as efficiently and effectively as possible, linking the concept of scientific and technical quality with that of efficiency and sustainability as the basic vision of health organisation and professional practice, while still fully respecting the patient.

1.5. The EESC considers it unacceptable that, in the early 21st century, we still have to admit that we lack comparable data. Without accurate, relevant data, progress cannot be made and uniform indicators to support decision-making and scientific analysis cannot be obtained. We call on the Commission and the Member States to press ahead with the adoption of a set of reliable indicators that will enable measures to be studied and adopted at EU level.

1.6. The EESC considers the fight against health inequalities to be a priority. The differences between social, economic and political environments are decisive factors in the distribution of illnesses. Member States must therefore commit to ensuring that healthcare is delivered in an equitable way, irrespective of geographical location, gender, disability, income, age, race or any other factor; and that health services are publicly funded (taxation, health insurance) as one component of a fair redistribution of resources. We believe it is necessary to continue to offer as wide a range of services as possible at reasonable costs and ensuring that co-payment does not pose a barrier to access among the most disadvantaged sectors of the population.



1.7. The EESC considers that health professionals are a key part of health systems. High-quality technical and scientific training is indispensable if we are to have highly-trained professionals who can successfully meet the healthcare needs of the EU public. Furthermore, we believe that the ethical component of their training must also be safeguarded and promoted in the Member States.

1.8. We believe that promoting primary care as a fundamental component of the healthcare provided by health systems can help improve the health results of these systems and reduce costs, thus making them more financially sustainable. The Commission should play a coordinating role in the sharing of national expertise among the Member States.

1.9. The EESC considers that efforts to contain pharmaceutical costs and the costs of high technologies are needed, as these are elements which have a decisive impact on the sustainability of health systems. National and EU agencies must play a key role in assessing the effectiveness and safety of medicinal and technological products placed on the market with regard to health.

1.10. Information and communication technologies must continue to play an increasingly important part in Member States' health systems, without forgetting that the human dimension must be at the heart of eHealth.

1.11. In order to promote good governance of healthcare systems across the EU and to ensure that patients' views are duly taken into account, data collection, monitoring and evaluation with regard to the accessibility, performance and resilience of health systems should make full use of patient feedback and involve full, active participation of patients' associations, civil society organisations and social partners.

## 2. Introduction

2.1. Under Article 168 of the Treaty on the Functioning of the European Union, Union action shall respect the responsibilities of the Member States for the definition of their health policy and for the organisation and delivery of health services and medical care. Furthermore, paragraph 7 of this article states that these responsibilities include the management of health services and medical care and the allocation of the resources assigned to them.

2.2. The EU's room for manoeuvre in respect of Member State health systems is therefore limited to action on the public health issues set out on the abovementioned Treaty article. In spite of this, the Commission's role in providing support, as well as funding and coordinating initiatives, means that it can bring significant added value to other aspects of healthcare, allowing Member States to focus on consolidating and improving their national health systems. These systems are based on a common set of European values, including universality, access to good quality healthcare, equity and solidarity, as listed by the Council in June 2006 <sup>(1)</sup>. In their Declaration, the health ministers of the Member States concluded that health systems formed a vital part of Europe's social infrastructure.

2.3. In its communication, the Commission identifies a series of challenges that European health systems have had to tackle, compounded by the economic crisis. The challenges include increasing cost of healthcare, gradually ageing population resulting in an increase in chronic diseases, growing demand for healthcare, uneven distribution of healthcare professionals, with shortages in some Member States, and lack of equitable access to healthcare.

2.4. With this in mind, and in line with the conclusions of the Councils of the European Union of June 2011 <sup>(2)</sup> and December 2013 <sup>(3)</sup>, the Commission has drafted the present communication on which it is requesting the Committee's opinion. The communication met with a positive reception by the Council of the European Union of June 2014 in its conclusions on the economic crisis and healthcare <sup>(4)</sup>.

2.5. The communication proposes a European Union agenda for efficient, accessible and resilient health systems based on respect for Member State competences with contributions from the European Union in the form of guidelines and monitoring and assessment tools. The plan contains the following elements:

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<sup>(1)</sup> OJ C 146, 22.6.2006, p. 1.

<sup>(2)</sup> OJ C 202, 8.7.2011, p. 10.

<sup>(3)</sup> OJ C 376, 21.12.2013, p. 3.

<sup>(4)</sup> OJ C 217, 10.7.2014, p. 2.

2.5.1. Strengthening the effectiveness of health systems. This comprises three aspects: evaluation of health system performance; quality of care and patient safety; integrated healthcare delivery. Increasing the accessibility of health systems. To be achieved by: action in terms of the health workforce; cost-effective use of medicines; optimal implementation of Directive 2011/24/EU. Improving the resilience of health systems. By means of: assessment of health technologies; health information systems; and online health.

### 3. Comments on the background to the communication

3.1. Rising health costs, an ageing population and an increase in certain chronic diseases mainly affecting the elderly are not challenges that have arisen in the course of the last 10 years: these are problems that have built up over many decades and have been aggravated by the current crisis, which has led to funding cuts in these policy areas. What is therefore called for is a strategic approach focusing on how to tackle in an efficient and effective way the growing demand for resources that health systems will be encountering in the coming years in order to cater for an ageing population with growing healthcare needs because of increasing life expectancy.

3.1.1. Promotion of health and prevention of illness, as fundamental health protection measures, must play a major part in our national health systems. Healthcare costs can be reduced significantly by investing in health education, encouraging more active and healthy lifestyles to reduce obesity, smoking and alcohol consumption. Regular cancer screening and health checks can enable more older people to enjoy a long and healthy retirement.

3.2. The Committee agrees that the Member State health systems must remain firmly rooted in principles and values such as universality, accessibility for all, equity and solidarity. These are principles that guarantee all EU citizens the right to health protection and healthcare; that guarantee adequate and timely healthcare intervention to achieve the best health outcomes; that deliver healthcare in an equitable way, irrespective of geographical location, gender, disability, income, age, race or any other factor; and that ensure that health services are publicly funded (taxation and/or health insurance) as one component of a fair redistribution of resources.

3.3. We are convinced that the economic crisis afflicting the European Union in general, and certain Member States in particular, must not serve as a pretext for creating a rift between first and second class citizens: we all have the same right to health protection. In this regard, the Committee must also ensure that the varying capacity and quality of healthcare in the different Member States includes EU citizens who are working not in their country of origin but temporarily abroad. We must not lose sight of the users of health systems in our pursuit of efficiency and effectiveness. Despite healthcare costs and prices, health is not a commodity, and on no account must it therefore depend on people's purchasing power.

3.4. In its opinion<sup>(5)</sup> on the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Solidarity in health: reducing health inequalities in the EU<sup>(6)</sup>, the European Economic and Social Committee explicitly stated that 'the Commission should make best use of the tools available (e.g. OMC, impact assessments, research programmes, indicators, cooperation with international organisations) and should consider with the Member States new methods to ensure that EU policies and actions address the factors which create or contribute to health inequalities across the EU'. We reiterate our support for the content of that opinion and for all the recommendations issued by the Committee aimed at reducing health inequalities.

3.5. In its opinion<sup>(7)</sup> on the Proposal for a Regulation of the European Parliament and of the Council on establishing a Health for Growth Programme, the third multiannual programme of EU action in the field of health for the period 2014-20<sup>(8)</sup>, the Committee took the opportunity of expressing its views on a number of aspects of the communication. In this respect, we again reaffirm the comments made regarding the assessment of health technologies, training of health professionals, use of evidence-based medicine and exchange of good practices.

<sup>(5)</sup> OJ C 18, 19.1.2011, p. 74.

<sup>(6)</sup> COM(2009) 567 final.

<sup>(7)</sup> OJ C 143, 22.5.2012, p. 102.

<sup>(8)</sup> COM(2011) 709 final.

3.6. The Committee views the inclusion of the health sector in the European Semester as very important. The sector's share in the Member States' Gross Domestic Product, the size of its workforce and its capacity for innovation are sufficient reasons for including it. Nevertheless, the recommendations that emerge from the assessments of the European Semester must be based on the premise that they will in no way dilute the principles and values underpinning the health systems of the EU Member States.

3.7. Strengthening health systems purely from the perspective of obtaining good results would be to overlook other aspects that, at a time of limited resources and budgetary constraint, should be taken into consideration. An efficient and good value health system therefore maximises quality of care and outcomes obtained with available resources. In other words, we cannot envisage strengthening a health system's effectiveness without taking account of its efficiency. Ensuring the value of resources means using them as efficiently and effectively as possible, linking the concept of scientific and technical quality with that of efficiency and sustainability as the basic vision of health organisation and professional practice.

3.8. We support the work of the Commission and the Member States in implementing EU-level indicators to measure the effectiveness of health action. To this end, all Member States must set up and make use of validated, transparent and objective data collection systems so that overall analyses can be undertaken. This will facilitate cooperation measures to reduce the health inequalities between and within the Member States. It is unacceptable that, in the early 21st century, we still have to admit that we lack comparable data. Without accurate, relevant and timely data, progress cannot be made and uniform indicators to support decision-making and scientific analysis cannot be obtained.

3.9. The usefulness of health indicators lies in their reliability, with quality a prerequisite for drawing comparisons. The Commission acknowledges in its communication that there is a lack of reliability, making it difficult to compare outcomes. For this reason, the Committee supports the European Core Health Indicators (ECHI) as they provide comparable data on health and health-related behaviour, as well as disease and health systems, allowing some Member States to improve their information systems and use indicators that they otherwise would not have, and thus facilitating exchange of good practices in general. In the same way, we welcome the Joint Assessment Framework in the area of health, drawn up by the Indicators' Sub-Group of the Social Protection Committee.

3.10. The Committee fears that effective recognition of the universality of healthcare could be undermined by problems of health system accessibility. Where there are problems of access, it is always those population groups with the fewest resources of their own who are the most affected. If we want to reduce health inequalities, the first step must be to tackle accessibility. Effective primary healthcare in rural areas, local emergency services, adequate transport and communications infrastructure, access to specialist treatment and restraint when introducing co-payment arrangements (means-tested) are among the vital facets for ensuring that people have access to health services, and they need to be put in place in the Member States.

3.11. The EESC shares the Commission's fears and recognises that by signing the UN Convention on the Rights of Persons with Disabilities we also need to take all appropriate measures to ensure access for persons with disabilities to health services — including ensuring that the facilities are accessible for those who are limited by a disability.

3.12. The Committee agrees with the Commission that stable financing mechanisms must be maintained for health services. In this sense, mixed funding comprising a combination of contributions and taxes could offer a stable financing framework for health services. We believe that the resilience or robustness of these systems is also linked to highly professional management based on efficient information systems, making it possible to provide accurate calculations of healthcare costs. The above, combined with highly qualified and motivated health professionals, could provide a firm and stable basis for sustainable health systems.

3.13. The EESC shares the Commission's opinion that one of the main difficulties facing some Member States' healthcare systems is a shortage of health professionals. This shortage is exacerbated by a high level of migration of these workers to other EU Member States and outside the EU. Given that the reasons for this are many and complex, we believe that the Commission's action plan should include measures that help make the health professions more attractive to young people, so that not only do an increasing number of people apply to train in these professions but practising them becomes attractive from both a professional and an employment perspective.

#### 4. Comments regarding the EU agenda for efficient, accessible and resilient health systems

4.1. In today's advanced societies, assessment of health system performance serves, amongst other things, as a way of making health service providers accountable to users and as a planning tool for the future. In order to build on the commitments made in the Tallinn Charter, the Committee supports the idea of providing Member States with tools and methodologies aiming at bringing health systems closer together and reducing inequalities within and between them.

4.2. Patient safety involves minimising the risk of unnecessary patient harm, meaning an absence of accidental injuries arising from healthcare provision or medical error. Promoting patient safety calls for risk management, reporting, investigation and follow-up of accidents and a solution-oriented approach to minimise the risk of recurrences. The Committee endorses the recommendations it made in its opinion<sup>(9)</sup> on the Proposal for a Council Recommendation on patient safety, including the prevention and control of healthcare associated infections<sup>(10)</sup>, and would extend them to all risks that are not related to infectious diseases, emphasising in particular the need to report adverse effects and take measures to remedy them. Appropriate action to this end should be outlined.

4.3. We feel that patient care calls for coordination among the various levels of healthcare delivery, so that primary care plays a more prominent role in diagnosing and treating health problems. A sound primary health network, staffed by highly qualified professionals, makes for greater proximity to health problems, avoids unnecessary specialist interventions and lowers costs by making systems less dependent on hospitalisation. The Commission should play a coordinating role here in the sharing of national expertise among the Member States.

4.4. The number of people employed in the health sector as a proportion of the total workforce in the Member States is of such a scale to be considered a health problem in the event of a shortage of such professionals. To avoid situations of this type, health training planning, although the responsibility of the Member States, should be subject to monitoring and evaluation by the European Union as a means of cooperating with Member States in maintaining a critical mass of professionals to meet the growing healthcare needs on the part of the public. The Committee believes that, in order to develop the necessary education and university capacity, financial support also needs to be provided.

4.5. The EESC believes that high-quality technical and scientific training is indispensable if we are to have highly-qualified health professionals who can successfully meet the healthcare needs of the EU public. Furthermore, we believe that the ethical component of their training must also be safeguarded and promoted in the Member States.

4.6. Spending on pharmaceutical products represents a major part of health service costs and affects their sustainability. Prescribing drugs according to active ingredient (WHO International Common Denomination) is one option that could reduce spending on pharmaceuticals, as it would mean prescribing on the basis of the active ingredient rather than using a trade name. Examples of this kind of prescription can already be found in some healthcare organisations in the EU, and the experience could be applied in other Member States. However, any measure adopted must factor in the need for research into new medicinal products and funding for these activities.

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<sup>(9)</sup> OJ C 228, 22.9.2009, p. 113.

<sup>(10)</sup> COM(2008) 837 final.

4.7. The Committee endorses the Commission's statement in the present communication regarding the optimal implementation of Directive 2011/24/EU <sup>(11)</sup>, but considers that this is not the main obstacle to accessibility of national health services by citizens; nor will the optimal implementation of the directive increase access to national systems. It is our understanding, within the context of this communication, that greater accessibility means primarily increasing population coverage to provide universal access, offering as wide a range of services as possible at reasonable costs and ensuring that co-payment does not pose a barrier to access among the most disadvantaged sectors of the population. Guaranteeing safe and good quality cross-border healthcare is not a guarantee that the individual citizen will receive basic healthcare in his or her country of origin.

4.8. Medical research and innovation is leading to the appearance of new health technologies in response to diagnostic and therapeutic challenges in the medical field. The high cost of these technologies and their supposed efficiency call for a robust system of evaluation. The Committee finds it of great interest that the European network for Health Technology Assessment (EUnetHTA) brings added value to Member States' national and regional agencies, facilitating synergies and the dissemination of its assessments.

4.9. The progress made in using information technologies in patients' clinical records should be applied in other settings, not just health centres. A patient's computerised health record, available to any treating health professional, would seem to be an objective worth striving for, however far-off the results may seem at the present. The EU should back health and health information systems enabling a person's clinical records to accompany them no matter where they are. Computerised health records are an extremely useful tool for patients, but at the same time a challenge for the authorities when it comes to coordinating applications compatible with their health systems, allowing any health professional to become acquainted with a person's health problems, irrespective of where they happen to be. The challenge is huge but, if it can be met, we believe that it will lead to an improvement in the health of the people of Europe.

4.10. The EESC considers it vitally important for the public to have access to digital health information systems, to find information on matters such as medical devices for human use approved by the regulatory authorities. This information must be comprehensible, accurate and up-to-date and secure, so that the person accessing it can supplement the information they have received from the healthcare professional assisting them.

4.11. In its opinion <sup>(12)</sup> on the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: eHealth Action Plan 2012-20 — Innovative healthcare for the 21st century <sup>(13)</sup>, the EESC took the opportunity to express its views on eHealth. The opinion reiterates the following: 'eHealth must foster mutual trust between patients and professionals by avoiding the risk of "being impersonal" and failing to pay attention to psychological factors. The human dimension must be at the heart of eHealth'. We therefore conclude by stating that the citizen is the central focus of health systems.

Brussels, 21 January 2015.

*The President*  
*of the European Economic and Social Committee*  
Henri MALOSSE

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<sup>(11)</sup> OJ C 175, 28.7.2009, p. 116.

<sup>(12)</sup> OJ C 271, 19.9.2013, p. 122.

<sup>(13)</sup> COM(2012) 736 final.

**Opinion of the European Economic and Social Committee on the ‘Proposal for a Regulation of the European Parliament and of the Council on the manufacture, placing on the market and use of medicated feed and repealing Council Directive 90/167/EEC’**

(COM(2014) 556 final — 2014/0255 (COD))

**and the ‘Proposal for a Regulation of the European Parliament and of the Council on veterinary medicinal products’**

(COM(2014) 558 final — 2014/0257 (COD))

(2015/C 242/10)

**Rapporteur: Mr José María ESPUNY MOYANO**

On 24 September, 20 October and 23 October 2014, the European Parliament and the Council decided to consult the European Economic and Social Committee, under Articles 43, 114, 168(4)(b) 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 the manufacture, placing on the market and use of medicated feed and repealing Council Directive 90/167/EEC*

COM(2014) 556 final — 2014/0255 (COD),

and the

*Proposal for a Regulation of the European Parliament and of the Council on veterinary medicinal products*

COM(2014) 558 final — 2014/0257 (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 8 January 2015.

At its 504th plenary session, held on 21 and 22 January 2015 (meeting of 21 January 2015), the European Economic and Social Committee adopted the following opinion by 208 votes to 4 with 16 abstentions.

## **1. Conclusions and recommendations**

### **1.1. Medicated feed**

1.1.1. The EESC believes it is necessary and appropriate to update European legislation on medicated feed so as to ensure uniform conditions for manufacturing, placing on the market and using medicated feed, while protecting the health and welfare of animals and the expectations of consumers.

1.1.2. The EESC supports the use of medicated feed as a tool to ensure the production of healthy animals and to improve public health.

1.1.3. The EESC welcomes the fact that the regulation includes the manufacture, placing on the market and use of medicated feed for animals not earmarked for food production as an alternative form of administration for the treatment of diseases, especially chronic conditions.

1.1.4. The EESC urges that minor species and aquaculture, where the availability of veterinary medicinal products is a problem, should have access to medicated feed and that barriers preventing manufacturing and distribution from running smoothly be lowered. At the same time, the EESC welcomes the introduction of anticipated production in order to better plan manufacturing and minimise potential carry-overs. This means that there will never be an inadequate stock because medicinal products have gone out of date.

1.1.5. The EESC calls for the regulation to attach greater value to the role of the vet or the skilled qualified professional, who is familiar with existing rules and has the capacity to diagnose and prescribe the right treatment to ensure wellbeing, welfare and public health.



1.1.6. The EESC believes that vets or qualified skilled professionals, in performing their duties, are the only people who can determine the timeframe needed for treatment, and that this cannot be determined by rigid rules alone, given the differences among species, their physiological condition, the conditions under which medicinal products are administered, the severity of disease, etc.

1.1.7. The EESC realises that there will be carry-overs to non-target feed of the active substances contained in medicated feed, although these carry-overs must take place in accordance with the ALARA principle (As Low As Reasonably Achievable).

1.1.8. The EESC highlights the different production systems that exist and believes it is essential for the carry-overs to take account of existing technologies in the industry and for them to be established in such a way that they do not run the risk of generating bacterial resistance.

1.1.9. The EESC believes that a system for the overall management of unused or expired products should be put in place in order to control any risk that might arise with regard to the protection of animal health, human health or the environment.

1.1.10. The EESC also underlines the need to establish criteria, such as target values, to ensure the appropriate homogeneity of medicated feed.

1.1.11. The Committee believes that trade within the Community could be undermined by the proposed legislation and considers that it should be made more flexible so as to make the sector more competitive.

1.1.12. The Committee notes that vets or skilled qualified professionals must comply with their duty not to carry out routine preventative treatments using antimicrobials, although there are cases where such treatment is needed (as in the case of human medicine) to ensure the health and wellbeing of animals and ultimately, public health.

1.1.13. The EESC believes that identification of preventive treatments using antimicrobials should be examined in each Member State, taking account of the specific features and characteristics of the production systems, animal species, health situation, availability of medicinal products, etc. in each country.

1.1.14. The EESC believes that the legislative proposal should list the individual protection equipment needed by workers so as to prevent them from being exposed to chemical products through the dust generated during the manufacturing process and to the ensuing risk of inhalation.

1.1.15. The EESC recommends that the Member States introduce specific training programmes for workers exposed to chemical agents.

1.1.16. The EESC believes that the regulation should leave a possibility for Member States to produce implementing acts meant to avoid administrative burdens and red tape for small farmers producing for their own use, without compromising specific regulations on safety and hygiene of medicated feed.

## 1.2. *Veterinary medicinal products*

1.2.1. Animal health has a strategic importance given its impact on animal wellbeing and welfare, public health and food safety, the environment and the rural economy. Therefore, the availability of authorised veterinary medicinal products is crucial so that vets or skilled qualified professionals have at their disposal sufficient tools to control, prevent and treat animal diseases.

1.2.2. Like other veterinary medicinal products, antibiotics are needed to combat bacterial infections in animals. The EESC considers that access to safe and effective antibiotics is a key element of the tools that vets rely on to maintain and restore animal health and welfare, as well as public health.

1.2.3. The EESC therefore welcomes the objective of the legislative proposal to develop an updated and proportionate body of legislation and the availability of veterinary medicinal products with a view to safeguarding animal health, public health, food safety and the environment — a principle which should also be followed to ensure the availability of antibiotics in veterinary medicine.



1.2.4. The market for veterinary medicinal products has some particularities and specific features which differ from the human medicines market and therefore the EESC considers it highly appropriate that this legislative proposal is focussed purely on veterinary medicinal products. In this respect, while the principles must be consistent, the way in which they are applied must be fully adapted to the conditions of the sector.

1.2.5. The EESC believes that the current legislation entails significant red tape for industry, which has a negative impact on the innovation that is needed; it therefore welcomes the introduction of streamlined rules to be applied during the authorisation procedures as well as during the subsequent oversight, the changes to the marketing authorisations, etc. which are aimed at reducing these administrative constraints, though there is room for improvement in the proposal.

## 2. Gist of the proposals

### 2.1. *Medicated feed*

2.1.1. The proposal lays down the requirements for the manufacturing, placing on the market and use of medicated feed in the European Union.

2.1.2. To this end, the proposals provide definitions which must be used, in particular:

- ‘medicated feed’: a mixture of one or more veterinary medicinal products or intermediate products with one or more feeds which is ready to be directly fed to animals without further processing;
- ‘intermediate product’: a mixture of one or more veterinary medicinal products with one or more feeds, intended to be used for the manufacture of medicated feed;
- ‘a feed business operator’: any natural or legal person responsible for ensuring that the requirements of this regulation are met within the feed business under their control;
- ‘mobile mixer’: a feed business operator with a feed establishment consisting of a specifically equipped lorry for the manufacture of medicated feed.

2.1.3. The Committee welcomes the classification of medicated feed as a compound feed under Regulation (EC) No 767/2009 and Regulation (EC) No 183/2005 on compound feed.

2.1.4. The scope of medicated feed is broadened to include all animal species not earmarked for food production as well as pets.

2.1.5. The proposed legislation endorses the use of medicated feed as a valid and very useful tool for dealing with animal and public health. According to the proposal, it is also valuable for production systems which are very competitive within Europe.

2.1.6. Livestock farming in the European Union, as well as the different systems of production in the various Member States, have a relevant role to play and they should therefore be equipped with tools, such as medicated feed, to make this sector more competitive.

2.1.7. The appendices to this regulation set out all the requirements needed for factories to produce safe and homogeneous medicated feed and ensure that cross-contamination is kept to a minimum.

2.1.8. This legislative proposal considers that medicated feeds imported by the European Union should comply with the same legislative requirements set out in this regulation.

2.1.9. The future regulation points out that medicated feed needs to be manufactured using authorised veterinary medicinal products and that all compounds used must be compatible so as to ensure that products are safe and effective.

## 2.2. *Veterinary medicinal products*

2.2.1. This legislative proposal covers both the data requirements and the authorisation procedures for placing veterinary medicinal products on the market. It also covers packaging and labelling, distribution and supervision of safety in the market (pharmacovigilance) and matters relating to the monitoring and use of veterinary medicinal products.

2.2.2. A new feature introduced by the proposal is the broadening of the centralised authorisation procedure in such a way that authorisation requests can be made for any veterinary medicinal product. At the same time, in order to avoid unnecessary administrative and financial burdens, the authorisation request will need to be assessed once only.

2.2.3. The proposal introduces a major simplification of the rules by reducing the information required on labelling and packaging and offering the possibility of using harmonised pictograms and abbreviations.

2.2.4. It also regulates the protection period applying to technical documentation submitted to obtain or amend a marketing authorisation, and extends the protection period in the case of limited markets and new antibiotics.

2.2.5. The European Commission is authorised to lay down requirements for prohibiting or restricting certain antibiotics in veterinary medicine.

2.2.6. Veterinary medicinal products must be authorised before being placed on the market, as is the case with medicines for human use. To this end, data must be provided to test the quality of production, safety (for animals, users and the environment) as well as clinical effectiveness. In addition, data guaranteeing consumer safety must be provided for treatments of production animals.

2.2.7. The four procedures for obtaining authorisation to place a veterinary medicinal product on the market (centralised procedure, decentralised procedure, mutual recognition procedure and national procedure) are maintained with some changes. The regulation also establishes a system for varying the terms of marketing authorisations that takes account of the level of risk involved. At the same time, it introduces a pharmacovigilance approach based on risk and establishes a procedure for harmonising summaries of product characteristics.

2.2.8. The regulation covers requirements for homeopathic veterinary medicinal products, as well as questions relating to manufacture, distribution and use, among other things.

## 3. **General comments**

### 3.1. *Medicated feed*

3.1.1. The EESC supports the proposed regulation as well as the Commission's plan to harmonise the requirements for medicated feed across the Member States.

3.1.2. The EESC feels that manufacturing requirements must not be so high that the feed industry has difficulty in meeting them. Cross-contamination is a reality in the sector and it would be wrong to impose technically unattainable standards which are not proportionate to the actual animal health risk.

3.1.3. The Committee believes that livestock farming occupies an important place in EU agriculture and for this reason it is essential to compile appropriate tools for livestock farmers and feed manufacturers with a view to a high level of market competitiveness. Regulation of the use and manufacture of medicated feed is necessary but, at the same time, it must be adapted to the technology which exists in the sector today.

3.1.4. According to the Commission's impact analysis, legislation on medicated feed should have a significant positive impact on the cost efficiency and economic growth of the medicated feed manufacturing sector, not least given the innovative applications of veterinary medicinal products.

Animal and public health can be expected to be improved both in Member States with currently lax standards for medicated feed and those with prohibitive standards.

3.1.5. It is important to establish carry-over levels for medicated feed on the basis of Commission expertise and in accordance with the ALARA principle and technical manufacturing improvements in the sector.

3.1.6. The EESC considers that certain forms of production included in the legislation, such as mobile mixers, must comply with the principles of food safety and homogeneity of medicated feed in order to avoid high carry-over levels and exercise greater control over these levels.

3.1.7. The Committee believes it is right that intra-Community trade should not be hampered by the requirements of this regulation. This kind of trade should therefore be made more flexible.

3.1.8. The EESC points out that there are minor species in the various Member States for which currently few therapeutic options exist and that, for this reason, it is essential not to add to this problem by introducing additional burdens associated with the anticipated production of medicated feed for these species.

### 3.2. *Veterinary medicinal products*

3.2.1. The EESC believes that the procedures for authorising veterinary medicinal products must be established in such a way that they avoid unnecessary delays in actually placing products on the market in the various Member States seeking to authorise these medicinal products, and facilitate the swift resolution of disagreements among the competent authorities.

3.2.2. The EESC believes that the legislative framework must promote research, technological development and innovation in the field of veterinary medicinal products in order to respond to the health needs and challenges facing the various species and production models in Europe.

3.2.3. Historically, there has been a problem of a lack of availability of veterinary medicinal products for some species of animal, known as minor species, and of specific indications in other species (minor uses), which are particularly important in Europe from a socioeconomic perspective.

3.2.4. In the light of this, there is a need for a European policy to promote the genuine availability of veterinary medicinal products for minor species and uses, guaranteeing their quality, safety and effectiveness while at the same time ensuring that their development is economically viable for businesses in the animal health industry.

3.2.5. The Committee welcomes measures to reduce administrative burdens through steps to simplify labelling requirements, veterinary pharmacovigilance, changes to the authorisation conditions and the granting of marketing authorisations for an unlimited period.

3.2.6. The EESC agrees with the introduction of an electronic system for submitting requests, and with the idea of a European central database to promote the exchange of information between industry and agencies and which will have a positive impact on reducing administrative burdens.

3.2.7. The measures to improve the way in which the veterinary pharmacovigilance system works will also have a positive effect on reducing administrative burdens, while at the same time guaranteeing the safety of medicinal products. The risk-based approach is thus considered to be highly appropriate.

3.2.8. One of the objectives of the revised legislation is to improve the way in which the single market functions. This must be achieved without jeopardising other objectives such as reducing the administrative burden and increasing the availability of medicinal products. In order to meet these objectives, the procedure for harmonising summaries of product characteristics should be efficient and comply with the principles of proportionality and mutual recognition.

3.2.9. The new regulatory framework should encourage innovation and the development of new medicinal products, especially antibiotics, for which a legislative framework is required ensuring predictability and based on science while always taking account of the 'precautionary principle'.

3.2.10. The proposed legislation should promote the use of veterinary medicinal products registered in the EU when there is a therapeutic gap, rather than those authorised for human use. Veterinary medicinal products have been proved through practice to be safe and effective. This option represents a considerable advantage as opposed to the use of medicinal products for human use which have not been proven safe and effective for use in animals. In addition, this is of particular importance in connection with antimicrobial resistance, since the current proposal permits the use of antibiotics for human use as a first option when there is a therapeutic gap.

#### 4. Specific comments

##### 4.1. *Medicated feed*

4.1.1. Article 2 on 'definitions' should clarify the following terms used in the document: 'active substance', 'non-target feed', 'mobile mixer' and 'on-farm mixer': these terms are relevant for the development of the legislation. At the same time, care should also be taken to ensure that the terminology is sufficiently precise so as not to contradict existing terms contained in national legislation.

4.1.2. A more reasonable deadline should be set for veterinary prescriptions so that treatment can be carried out without compromising animal safety. It would therefore be a good idea to extend the deadline from three weeks to a suitable period of time.

4.1.3. Vets or skilled qualified professionals must, while carrying out their duties, indicate the duration of the treatment to be provided, how much treatment is appropriate, waiting times, etc., using as a basis the information indicated in the summary of the product characteristics. These instructions shall form part of the prescription of the medicated feed, issued by the official veterinarian. The livestock farmer must follow the prescription, verifying the consistency of these instructions with the information set out in the summary of the product characteristics. In case of discrepancy, the producer will be exempt from liability. The treatment of animals is the responsibility of the veterinarian, who is familiar with and responsible for the situation of the litter. Obliging the livestock farmer to adhere strictly to the information in the product characteristic summary would actually mean that the farmer takes on the obligations and responsibilities of the veterinarian.

4.1.4. It is appropriate to permit the preventative use of antimicrobials, although this should be limited to cases where this is strictly necessary and justified. Under no circumstances must routine preventative use be permitted and good hygiene and use practices must be promoted.

4.1.5. The EESC calls for the regulation to indicate the legislation on which water quality requirements and those for conduit material are based. As regards the tolerances permitted in the labelling, no distinction should be made between products since all of these products have to undergo the same process of authorisation, with the same requirements and without making any distinction.

4.1.6. If there is an inconsistency in the labelling, this is due to a technical or analytical error (measurement uncertainty due to analytical method and type and content of active substance) and this can happen whether or not the feed contains antimicrobials. In addition, the degree of error in the analytical methods used to determine the presence of antimicrobials in feed is greater than for other substances, which means that there is less reproducibility and that such a low tolerance is therefore unjustified.

4.1.7. Furthermore, the EESC welcomes the fact that the tests carried out to authorise products also guarantee their homogeneity.

4.1.8. The requirement that medicated feed containing the daily dose of veterinary medicinal product must be mixed in to at least 50 % of the daily feed ration is cumbersome in practice and should be expanded as follows: 'Medicated feed containing the daily dose of veterinary medicinal product must correspond to at least 50 % of the daily feed ration of complete feed or complementary feed (dry weight)'.

##### 4.2. *Veterinary medicinal products*

4.2.1. The need to wait six months between a national procedure and the submission of a request for mutual recognition could cause problems if a serious situation arises in animal or public health. In exceptional circumstances therefore, it should be possible to obtain an exemption from this minimum six-month period. At the same time, in order to avoid any procedural delays, a date should be set for concluding the decentralised procedures and mutual recognition by the reference Member State.

4.2.2. Development of veterinary medicinal products should be promoted for all animal species by extending the investment and innovation protection not only in the case of minor species but all species. It would therefore be a good idea to extend the data protection period for all species, including in cases of the extension of authorisation to cover more than one species.

4.2.3. The various species of animals and various diseases require different forms of administration and this requires different pharmaceutical dosage forms (for example, liquids, solids, gels, injectables, etc.). A change in the pharmaceutical dosage form requires the product to be almost fully developed. This investment should therefore be protected.

4.2.4. The labelling requirements for immediate and outer packaging need to be made more flexible so as to include other optional information which might be of interest to users, in addition to mandatory information.

4.2.5. The benefits of using electronic media will only be realised when there is a single harmonised procedure throughout the Member States, which uses the same format and is applicable to all procedures.

4.2.6. The procedure for harmonising the summary of product characteristics must be purely administrative, avoiding the need to re-evaluate products proven to be safe and effective in the market over many years, thus preventing an unnecessary workload.

4.2.7. The proposed legislation could have a negative impact on the development of new antibiotics in veterinary medicine by not ensuring the existence of a predictable, stable and transparent market providing an incentive for companies.

4.2.8. It would be a good idea to establish a classification system for when medicinal products are used because of a therapeutic gap, giving priority to the use of veterinary medicinal products registered in the EU and limiting the use of medicinal products for human use to cases where there are no veterinary alternatives.

Brussels, 21 January 2015.

*The President*  
*of the European Economic and Social Committee*  
Henri MALOSSE

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**Opinion of the European Economic and Social Committee on the ‘Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Towards a thriving data-driven economy’**

(COM(2014) 442 final)

(2015/C 242/11)

**Rapporteur: Anna NIETYKSZA**

On 16 July 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 — Towards a thriving data-driven economy*

COM(2014) 442 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 7 January 2015.

At its 504th plenary session, held on 21 and 22 January 2015 (meeting of 21 January), the European Economic and Social Committee adopted the following opinion by 213 votes to 1 with 11 abstentions.

## **1. Conclusions and recommendations**

1.1. The EESC takes careful note of the Commission's communication, which calls for the establishment in the European Union of a thriving data-driven economy and thus a digital economy using information technologies. The coordinated action plan must help to realise the objectives of the Digital Agenda for Europe. The EESC draws attention to the need to draw up a detailed action plan.

1.2. The EU's Horizon 2020 programme and the national programmes to fund research, innovation and implementation, and the promotion of entrepreneurship and sectoral innovation will play a significant part in realising these aims.

1.3. The EESC stresses that the broad dissemination of information technologies in all areas of society and the economy, culture and education will provide enormous development opportunities. The development opportunities provided thanks to ICT concern not only European corporations and large firms but also innovative businesses: small, medium-sized and micro-enterprises.

1.4. In order to make full use of these opportunities, it is necessary to support IT-related research and development in the technical but also economic and social sciences. The European Commission and EU Member States need to draw up effective mechanisms for funding research via public funds together with incentives to finance such research using private funds. The EESC regrets the substantial reduction in funding for the financing of digital infrastructure under the Connecting Europe Facility and strongly advocates drawing appropriate conclusions. A new investment plan presented by Commission President Jean-Claude JUNCKER in December 2014, aimed at mobilising at least EUR 315 billion in the form of additional public and private investments in key areas such as digital infrastructure, is in this context a welcome policy response.

1.5. In order to ensure that the data-driven economy can develop unhindered, provision should be made for an appropriate legal framework, and strategies and means for protecting personal data and information security, and a European cybersecurity strategy should be implemented. Protection and security of information will bolster consumer confidence, as well as business certainty for firms.

1.6. The EESC stresses that, in order to protect data and information security, cooperation is needed between national and European level public administrations and electronic communications regulatory bodies and consumer and competition bodies.

1.7. The Committee calls on the European Commission to support all activities aimed at realising the objectives of the Digital Agenda for Europe as ways of laying the foundations of a data-driven economy, including the development of high-speed broadband infrastructure and generally accessible, interoperable and reliable cloud services, big data processing, the Internet of Things (IoT) and Next Generation Networks (NGN) for electronic communications, including those using 5G and subsequent technologies which are currently in development.

1.8. Digital technologies are emerging and creating new values not only in terms of the economy but in all areas of social and cultural life. That is why it is very important to encourage the development of digital skills for society as a whole, including older people and those at risk of social, economic and cultural exclusion for health, economic or educational reasons. New educational content and methods should be introduced on a broad front, especially to enable workers to retrain and acquire new skills.

1.9. Public administrations will in the next few years have to learn to make optimal use of digital data and electronic communications channels in order to increase efficiency and develop broad-based cooperation with citizens, making use of their active participation. The precondition for this participation is well planned public services and open and accessible machine-readable data in all areas of the economy and government. The EESC recommends extensive training in digital skills for employees of public administrations, including skills relating to the design of advanced services, procurement and making use of the services of experts and specialists.

1.10. The EESC recommends that public administrations ensure that public information is reusable, by making it available in the form of open, machine-readable data, with the necessary safeguards. Access to reusable public information is particularly important for small and medium-sized enterprises in Europe.

## **2. Gist and context of the Commission communication**

2.1. The data-driven economy, and more generally the digital economy, is an area of strategic economic importance for the EU Member States. Today digital data is the basis for the activity of all areas of the economy, government, culture and social and health services. Making innovative use of this data is the main source of increased productivity for the EU economy.

2.2. The widespread use of digital and digitised data — together with its ease of transmission and processing — make this data a new and especially valuable resource for society and economy.

2.3. Digital data is today generated, collected and processed in all areas of economic and social life. There are more and more innovative firms for which digital data is the basis for, and main focus of, their business. Spatial and geolocation data is a particularly valuable element of the data-driven economy.

2.4. The fastest growing sector of the IT market is big data. According to IDC, between 2012 and 2017 this sector will grow at an annual average rate of around 27 % (six times faster than the ICT market as a whole) and, as a result of this, by 2017 the value of the global market in big data technologies and services is set to reach EUR 23,7 billion. The area of cloud services is also expected to grow very rapidly.

2.5. Given the development of solutions and applications for the Internet of Things (IoT), including smart city infrastructure, the next few years are likely to see massive growth in the volume of data arising from the development of the IoT. Research firms forecast that by 2020 the number of IoT smart object devices throughout the world will rise to 26 billion, a figure that exceeds the number of computers connected to the internet several times over. Business and government alike will have to learn to cope with this huge increase in data volumes — and to use it creatively.



2.6. It is especially important to ensure that the economy of the EU's Member States is able to unleash the huge economic potential of big data and the Internet of Things, including innovative firms delivering solutions in these areas and enterprises from all other sectors of the EU's economy, which apply them in their own areas of activity.

2.7. The European Commission communication points to the need to create the conditions to facilitate cloud computing, high-performance computing (HPC) infrastructure and the platforms and services which make use of these solutions. According to the European Commission's estimates <sup>(1)</sup>, cloud services could lead to an increase of 2,5 million in the number of jobs in Europe and raise EU Member States' GDP by EUR 160 billion by 2020.

2.8. According to the Commission, another key element is data-driven innovation (DDI), i.e. the ability of businesses and government to creatively use information derived from in-depth data analysis, including public information made available for re-use. The process of opening up data and making it available for reuse can provide EU Member States with economic benefits of approximately EUR 40 billion per annum while the total direct and indirect economic benefits arising from the application and use of public sector information in the economy of the EU-27 are estimated at EUR 140 billion per annum <sup>(2)</sup>.

2.9. The Commission emphasises that this will require highly skilled specialists, broad application of open data and the creation of an appropriate legal framework on data ownership, its protection and the means of making it available.

2.10. The EU's Horizon 2020 programme and national research and innovation funding programmes, as well as measures to encourage entrepreneurship and sectoral innovation will play a major part in implementing these plans.

2.11. The European Commission will use various means to support digital entrepreneurship in Europe, not least by promoting open access to data, facilitating access to cloud computing, fostering links and cooperation between local data incubators, as well as developing digital skills and competences, including on the basis of the Grand Coalition for Digital Jobs.

### 3. General comments

3.1. The EESC generally accepts and endorses the characteristics of a thriving data-driven economy set out in the Commission's communication. As outlined in the communication, data analysis means better results, procedures and decisions, which stimulates innovation and the development of new solutions, whilst at the same time making it possible to predict trends and to prepare for future events. Nonetheless, the EESC draws attention to the fact that the communication fails to clearly set out the Commission's action strategy needed to develop this type of economy in the EU.

3.2. The EESC draws attention to the importance of certain of the activities proposed in the communication for the development of infrastructure in the broad sense which is necessary for the data-driven economy, in particular regarding:

- availability of necessary, reliable infrastructure enabling the interoperability of systems for data collection, processing and use — including infrastructure making broad use of effective and secure cloud solutions and services,
- availability of good quality, reliable datasets,
- appropriate conditions and legal, organisational and educational frameworks, as well as working conditions, to facilitate cooperation between different bodies with a view to ensuring an appropriate level of skills and developing solutions based on innovative data use,
- support for policies and the creation of a legal framework stimulating the innovative use of open, machine-readable data in all areas of the economy and government.

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<sup>(1)</sup> Communication on Unleashing the Potential of Cloud Computing in Europe (COM(2012) 529 final).

<sup>(2)</sup> Communication on Open data. An engine for innovation, growth and transparent governance (COM(2011) 882 final).

#### 4. Specific comments

4.1. The EESC supports the development and use of the mechanisms and resources provided for in the Horizon 2020 programme, especially those designed to make available service platform solutions such as PaaS (Platform as a Service), SaaS (Software as a Service), IaaS (Infrastructure as a Service) and others based on public, private and hybrid cloud solutions.

4.2. The EESC supports activities aimed at implementing the European cloud strategy, in accordance with earlier Committee opinions on the subject.

4.3. With regard to the creation of contractual public-private partnerships (CPPP), as put forward by the Commission, the EESC supports these while considering it important to clearly formulate long-term strategies and related research and development and financing policies.

4.4. The EESC draws attention to the need to ensure appropriate financing for research and implementation work in areas likely to see the fastest growth in the coming years and which are essential for maintaining the global competitiveness of the EU economy. These are above all: big data processing, the Internet of Things (IoT) and Next Generation Networks (NGN) for electronic communications, including those using 5G and subsequent technologies which are currently in development, as well as cybersecurity issues.

4.5. The EESC believes it is important for the results of big data processing and data analysis and search systems to be accurate and reliable. Hence the need to support research and implementation work, including in the area of semantic search, geo-spatial data analysis and the fast processing of big data. It is crucial to ensure appropriate resources for research work given the trend towards budget cuts in the Member States and at the level of the Council — from EUR 9 billion to EUR 1,4 billion.

4.6. Funding the development and innovation work of start-ups in the digital economy is very important, since there are still few funding mechanisms geared to such needs. Funding new technology sectors must involve skilfully combining funding from the 'Horizon 2020' and other central EU research programmes as well as Member States' budgetary resources and also encourage private companies to engage in strategic cooperation as part of contractual public-private partnerships (CPPP).

4.7. To fully unleash the potential of a knowledge-based economy, it is very important to retrain workers so that they have the skills needed to work in newly emerging jobs and economic sectors. This is especially important given that 80 % of jobs are forecast to require digital knowledge and skills by 2020.

4.8. The EESC believes there should be a greater emphasis on education which can equip everybody with the appropriate digital knowledge and skills needed to use the digital devices and services that are playing an ever greater role in our economic and social lives, in government and in the world of culture. This approach must cover all stages and forms of education: from primary to adult education.

4.9. The EESC stresses the need for the development of new regulatory frameworks and means geared to the forthcoming changes and the need to develop the data-driven economy.

4.10. As part of regulatory policies, and in keeping with its opinion on internet governance (TEN/549), the EESC considers that particular attention should be paid to managing the internet value chain to ensure that all service and content providers participating in this chain receive a share in the profits from digital products and services which is commensurate with their investment.

4.11. The EESC draws attention to the need for effective implementation of mechanisms such as those described and provided for in the eIDAS regulation, which are aimed at boosting trust in the digital economy by ensuring a consistent EU legal basis for electronic interaction between businesses, citizens and public bodies.

4.12. In this regard, it is increasingly important to draw attention to the apparent deadlock in the negotiations on the Data Protection Regulation, which has been before the Council for months with no conclusion in sight. This state of affairs is clearly damaging for all stakeholders, especially in areas that are of such significance for unleashing the potential of a data-driven economy.

4.13. The new regulatory framework must, on the one hand, make it possible for firms participating in the market to develop, and support innovation and competitiveness while, on the other hand, safeguarding trade and protecting consumer rights and privacy. Cybersecurity issues are particularly important, given that information and cloud computing networks will contain more and more data that is very important from an economic and societal perspective, including sensitive data, such as medical information.

4.14. The EESC points out that the communication pays relatively little attention to data ownership issues or to the need to develop new intellectual property protection solutions geared to the needs of the digital economy, including the creative industries, which in the coming years will be one of the areas of dynamic growth.

4.15. The EESC is open to cooperation with other organisations, inter alia, on building consumer confidence in digital economy services and formulating long-term strategies and programmes, as well as educational programmes enabling their implementation.

Brussels, 21 January 2015.

*The President*  
*of the European Economic and Social Committee*  
Henri MALOSSE

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**Opinion of the European Economic and Social Committee on the ‘Proposal for a Regulation of the European Parliament and of the Council on measures that the Union may take in relation to the combined effect of anti-dumping or anti-subsidy measures with safeguard measures (codification)’**

COM(2014) 318 final — 2014/0164 (COD)

(2015/C 242/12)

On 20 October 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 on measures that the Union may take in relation to the combined effect of anti-dumping or anti-subsidy measures with safeguard measures (codification)*

COM(2014) 318 final — 2014/0164 (COD).

Since the Committee unreservedly endorses the proposal and feels that it requires no comment on its part, it decided, at its 504th plenary session of 21 and 22 January 2015 (meeting of 21 January 2015), by 219 votes to 1 with 10 abstentions, to issue an opinion endorsing the proposed text.

Brussels, 21 January 2015.

*The President*  
*of the European Economic and Social Committee*  
Henri MALOSSE

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