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I

(Resolutions, recommendations and opinions)

OPINIONS

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

523TH EESC PLENARY SESSION OF 22 AND 23 FEBRUARY 2017

Opinion of the European Economic and Social Committee on ‘Nautical and maritime tourism diversification strategies’**(Exploratory opinion)**

(2017/C 209/01)

Rapporteur: **Tony ZAHRA**

Consultation	Maltese Presidency of the Council, 19 September 2016
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
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Adopted in section	9 March 2017
Adopted at plenary	30 March 2017
Plenary session No	524
Outcome of vote	179/0/0
(for/against/abstentions)	

1. Conclusions and recommendations

1.1. In view of handicaps such as distance, accessibility and insularity, the EESC believes that a favourable fiscal regime for islands should be sought, taking into account the special efforts that have been made with regard to investment, maintaining and creating jobs and adapting the periods that businesses are open, all with a view to mitigating the effects of seasonality.

1.2. Despite the strong resilience and quick recovery of tourism in times of crisis, the Committee deems it important to analyse and address the foreseeable challenges and opportunities facing nautical and maritime tourism, especially in the Mediterranean, because of its high relevance and substantial contribution to the European economy. Comparability with competing destinations should be given due consideration in the assessment process. Smarter legislation and policies are crucial, as is reducing red tape for SMEs.

1.3. More multi-destination routes in the region must be created and promoted, whilst joint/regional promotion measures among Member States need to be supported. The EESC proposes that Member States adopt strong marketing strategies for diversification and adaptation to customers' evolving preferences and tastes. However, the disparity in affordability for citizens that may exist for tourism services offered in this sector also needs to be assessed in the process.

1.4. In view of the high dependence of nautical and coastal tourism on marine ecosystems, it is important that Mediterranean countries increase regional cooperation to protect them. In this context, the Committee advocates establishing a pool of western Mediterranean Member States and third countries to jointly address 'blue growth' ⁽¹⁾ and 'blue' and 'green' infrastructure to restore degraded ecosystems.

1.5. Construction and reclamation from the sea on the shallow continental shelf irreversibly destroy the underwater habitat. The Mediterranean continental shelf is limited and these marine zones need to be protected against such development. Compensatory measures and the creation of fiscal reserves should also be considered in the event that such development takes place.

1.6. The development of nautical and maritime tourism must be based on long-term sustainable development principles. This requires the development of an operative and measurable tool. The EESC recommends developing a harmonised sustainable indicator mechanism for the sector, especially for island states and regions which are highly dependent on coastal activities. The 'European Tourism Indicators System' developed by the European Commission could be an excellent platform to achieve this.

1.7. The development of a sustainable indicator mechanism also requires the compilation of precise economic data. Tourism is a very complex industry that involves a diverse set of relationships between many different stakeholders. For this purpose, relative economic data collection instruments could be developed by extrapolating from the satellite account model.

1.8. The impact of climate change on the marine environment calls for dialogue on innovative solutions. Specific measures for vulnerable territories must be prioritised. The Committee draws attention to the recent Commission communication on international ocean governance and the 14-action package therein ⁽²⁾. The seventh EU environment action programme to 2020 and the EU climate change adaptation and mitigation objectives focus on infrastructure sectors like energy and transport and on specific aspects linked to coastal and maritime tourism. In addition, the European Investment Bank will be providing SMEs with funding for investment in tourism and/or in convergence regions.

1.9. Waste management is a matter of significant concern in nautical and maritime tourism, with tourism being a significant generator of waste itself. WWF estimates that over 80 % of marine pollution comes from land-based activities. The problem is further compounded by marine littering. This calls for innovative measures that can mitigate the problems linked to waste, in addition to coordinated, effective enforcement of regulations. The Committee calls for harmonised implementation of international conventions so as to promote capacity building in third countries.

1.10. In view of growth prospects in the sector, the entire waste management chain (from collection to disposal) constitutes a major challenge, especially in confined areas such as islands. In this context, the EESC also recommends setting up a 'nature heritage coalition' involving islands and coastal areas and key environment players such as foundations and international organisations, to turn European islands and coastal areas into leaders in global clean environment measures fostered by integrated approaches to tourism.

1.11. Investing in people is a prerequisite for sustainable and competitive growth. The sector is however not attracting enough skilled personnel, mainly because it lacks attractiveness in terms of career progression and long-term employment. The Committee recommends that a strategic action plan be specifically devised to attract and retain a steady stream of skilled workers interested in long-term employment in the sector. The action plan must make concrete proposals based on a scientific and practical approach, so as to increase the industry's attractiveness.

2. General remarks

2.1. The Maltese Presidency asked the EESC to issue an exploratory opinion on 'Nautical and maritime tourism diversification strategies' in the broader context of innovative strategies for the development of a more competitive environment in Europe, with a particular focus on the Mediterranean region.

⁽¹⁾ EU communication — 'Blue growth', COM(2012) 494 final.

⁽²⁾ JOIN(2016) 49 final and https://ec.europa.eu/maritimeaffairs/policy/ocean-governance_en

2.2. Tourism is a powerful global industry with great potential for employment and economic development, as recognised by Article 195 of the Treaty on the Functioning of the European Union. In 2014, the tourism sector contributed more than EUR 1,6 trillion, amounting to almost 10 % of total EU GDP, and its direct, indirect, and induced impacts supported 25 million jobs in the EU ⁽³⁾. The maritime subsector of tourism was identified as one of the priority areas for the Maltese EU Presidency. Developing relevant tourism products and maritime services could contribute to growth potential in the EU's coastal and insular areas. It is thus necessary to identify current trends and forecasts to provide a clearer picture of innovative opportunities in line with the specific nature of nautical and maritime tourism.

2.3. Nautical and maritime tourism is the most important subsector of tourism as well as the largest maritime activity in Europe. It employs almost 3,2 million people, generating a total of EUR 183 billion in gross value added ⁽⁴⁾, and has potential for the creation of jobs and sustainable 'blue growth'. In order to promote Europe as the leading nautical destination in the world, European island and coastal tourism infrastructure must offer adequate and innovative services to users, including accessibility, while ensuring sustainable development for local communities. 'Inland' nautical tourism which takes place across a number of Member States on lakes, rivers, etc., also forms part of this sector and needs to be factored in the review process. This sector also involves a major shipbuilding industry for leisure boats and cruise ships, where Europe has a prominent place in the world economy.

3. The EESC's proposals for new paradigms in tourism policy

3.1. Over the years, the Committee has adopted opinions on tourism policy in general and island and coastal tourism in particular. It has suggested developing life-long learning programmes specifically for island staff in the tourism sector and has proposed that an inter-regional school, based on a concept similar to an 'Erasmus for students and workers in the tourism sector', be set up on a strategically placed island.

3.2. The EESC considers that the EU's definition of islands is inappropriate and should be revised to take into account the new realities of an enlarged European Union which includes island Member States. With a view to promoting Europe as a key tourist destination at global level, it also recommends developing macro-regional cooperation (e.g. the Adriatic and Ionian Strategy, the Baltic Sea Strategy, and the Danube Strategy), to solve problems such as accessibility. This calls for high-quality territorial continuity operating from the islands to the continent.

3.3. Climate change calls for decisive adaptation measures for islands' climate resilience in all areas of their economies. The EESC has recommended introducing an 'island change test' addressing issues such as energy and transport (infrastructure and accessibility), the rise in sea levels, the deterioration in biodiversity and other important matters.

3.4. Island economies have become too dependent on mostly seasonal tourism, and diversification is therefore required. The Committee has emphasised that seeing the blue economy as an inexhaustible source of unexploited resources, and that insistently invoking blue growth as a panacea for the problems Europe's economy faces might increase the various stresses already placed on the EU's coasts and seas. Therefore, long-term sustainability must remain an overarching principle when measures are drawn up and implemented.

3.5. The Commission communication on 'A European strategy for more growth and jobs in coastal and maritime tourism' adopted in 2014 ⁽⁵⁾ addresses current governance shortcomings and creates a framework for cooperation among public authorities and public-private partnerships, including through territorial clustering and integrated strategies. In light of the specificities of each sea basin, the communication proposes 14 concrete actions, addressing business investment, high seasonality, product diversification and innovation, connectivity, accessibility, improved infrastructure, skills development and marine environment protection. The implementation of the action plan is ongoing ⁽⁶⁾.

⁽³⁾ WTTC, Travel & Tourism economic impact, 2015, EU.

⁽⁴⁾ European Commission 'Study in support of policy measures for maritime and coastal tourism at EU level, 2013: https://ec.europa.eu/maritimeaffairs/sites/maritimeaffairs/files/docs/body/study-maritime-and-coastal-tourism_en.pdf

⁽⁵⁾ COM(2014) 86 final.

⁽⁶⁾ https://ec.europa.eu/maritimeaffairs/policy/coastal_tourism_en

4. The EESC's proposals for nautical and maritime tourism diversification strategies

4.1. *Cross-sector environmental approach*

4.1.1. Much has been done over the years to draw high-level decision-makers and stakeholders' attention to the link between ocean and climate. This has led to oceans being included in the 2015 Paris Agreement and to the special Report on oceans by the Intergovernmental Panel on Climate Change (IPCC). These efforts call for support for the implementation of the Paris Agreement, including strengthening the technical capacities of Member States to develop technology pathways for a low-emission future.

Maritime transport is responsible for about 2,5 % of global greenhouse gas emissions. The EU is calling for a global approach to reducing greenhouse gas emissions from international shipping, but shipping emissions are predicted to increase significantly by 2050. According to the second International Maritime Organisation (IMO) greenhouse gas study, ships' energy consumption and CO₂ emissions could be reduced by up to 75 % by applying operational measures and implementing existing technologies. Many of these measures are cost-effective and offer net benefits, as any operational or investment costs are paid back in the form of reduced fuel bills. Such reductions can be achieved by implementing new innovative technologies.

4.1.2. The Mediterranean is one of the most important regions in the world in terms of its outstanding biodiversity features, but one which is more vulnerable than others to climate change. Large-scale coastal tourism is one of the main forces behind ecological loss in the region. However, the Mediterranean also embraces high natural value which makes it critically important for safeguarding biodiversity. In this regard, regional cooperation for the protection of marine ecosystems is imperative. The European Union's LIFE+ funding programme supports the objectives of the EU Biodiversity Strategy and offers scope for financing innovative coastal and marine tourism projects.

4.1.3. Waste management is a major concern for the sector, especially on islands, which are highly seasonal. Most islands may find it difficult to cope with the high visitor numbers in peak periods, which calls for huge investment for the provision of adequate water or waste treatment plants. The conclusion of the Convention on Biological Diversity (CBD) provides a globally recognised framework for action to combat threats to natural heritage, from dealing with marine litter and micro-plastics to the sustained reduction and abolition of single-use plastic bags.

4.1.4. Various studies and reports underline that 'going green' makes sound business sense for European coastal tourism. The EU needs to incentivise Member States to step up their efforts to adopt green tourism practices and introduce green programmes that mitigate the effects of climate change. This should be supported by the promotion of ecotourism as a segment supporting nautical tourism.

4.1.5. These challenges make it more important for the development of the nautical and maritime tourism to follow sustainable development principles. Sustainability, however, needs to be based on an operative and measurable model that establishes a system of indicators to monitor and keep track of maritime tourism activities and developments, especially for island States and regions. Destinations also need to look at establishing carrying-capacity thresholds, which, if exceeded, will give rise to a number of issues that will adversely affect this sector and its long-term sustainability. These thresholds are in particular:

- deterioration in and loss of ecological resources,
- pressures on the environment and physical infrastructure,
- conflict between tourists and locals resulting in loss of local hospitality,
- visitor dissatisfaction.

4.1.6. The 'European Tourism Indicators System' developed by the European Commission in 2013 and revised in 2016 ⁽⁷⁾ is a voluntary management tool which identifies a set of core indicators to help destinations to monitor and measure their sustainable tourism performance.

⁽⁷⁾ http://ec.europa.eu/growth/sectors/tourism/offer/sustainable/indicators_en

4.1.7. In this regard, the European Maritime Safety Agency (EMSA) is a most valuable source, providing information, statistics and advice, which are vital to the process of establishing sustainability principles.

4.1.8. Reference should also be made to the EESC opinion on 'smart islands', particularly in terms of the adoption of best practices.

4.1.9. The 'Tracking European operations for maritime ecosystems' project, under the umbrella of ERA-LEARN 2020 (support action — CSA) and funded by Horizon 2020, can serve as another valuable resource in reaching this objective.

4.1.10. Many organisations and institutions have contributed to the process of environmental protection, such as the WWF, Ocean & Climate Platform, the Conference of Peripheral Maritime Regions of Europe (CPMR), Greenpeace and various UN structures, which have worked with various EU structures and in enhanced cooperation between governments and public and private stakeholders. This process need to be sustained if we are to follow the path of success.

4.1.11. Healthy marine ecosystems and preserved coastal/insular areas contribute in many ways to sustainable growth and job creation. Tourism and agriculture, fisheries, aquaculture and forestry are key sectors with a significant impact on and relevance for mainstreaming biodiversity. Sustainable food production and food security are other related issues that need special attention. Sectoral policies that contribute to preserving biodiversity must be developed within an integrated framework. On the issue of marine ecosystems the EESC draws attention to the Maritime Spatial Planning Directive (MSP) ⁽⁸⁾ as well as to the 1995 Barcelona Convention ⁽⁹⁾.

4.1.12. Marine pollution often comes from untreated waste water and agriculture, but threats to marine ecosystems also include commercial overfishing, oil spills and other hazardous substances as well as the introduction of non-native species. The mismanagement of ballast water can also have a considerable effect on the environment ⁽¹⁰⁾. Marine ecosystems are a major source of biodiversity and the European Union is taking a number of steps to achieve a healthy marine environment to make ecosystems more resilient to climate change in European marine waters by 2020. This calls for close working cooperation between all stakeholders.

4.1.13. In this context, the choice of implementing instruments is of strategic importance in order to make sure that all economic sectors benefit from new opportunities generated by healthy ecosystems. At the same time, transparency, proper consultation and accountability are essential in order for tourism to come under the general concept of good governance. As stated by the Convention on Biological Diversity (CBD) ⁽¹¹⁾, resource efficiency and the circular economy are prerequisites for achieving progress and sustainability in this field.

4.1.14. Awareness-raising policies must be developed to improve compliance, using incentives for clean nautical and maritime tourism activities (including related industries such as yachting, fisheries, food supply, etc.). In this context, comprehensive cross-sector training programmes must be developed to pursue complex sustainable goals, while a network of relevant tourism areas would allow for the exchange of data and good practice.

4.1.15. Europe has to put its natural resources to good use and promote its top locations where nature and spatial planning in coastal and maritime areas are in harmony with one another. Since coastal areas are of particular strategic environmental, economic and social importance, steps to tackle problems in these areas need to be part of an integrated sustainable development policy, where spatial planning, the balance between uses of renewable energies and other coastal activities and urban planning rules take on particular importance ⁽¹²⁾. It is necessary to ensure the best possible implementation of the MSP Directive by Member States. Since this Directive does not deal with coastal areas, it is useful to refer again to the Barcelona Convention, which conveniently has a protocol on coastal management.

⁽⁸⁾ Directive 2014/89/EU of the European Parliament and of the Council of 23 July 2014, see also https://ec.europa.eu/maritimeaffairs/policy/maritime_spatial_planning_en

⁽⁹⁾ http://ec.europa.eu/environment/marine/international-cooperation/regional-sea-conventions/barcelona-convention/index_en.htm

⁽¹⁰⁾ At present there is no direct EU law on ballast water, although Regulation (EU) No 1143/2014 of the European Parliament and of the Council of 23 October 2014 on the prevention and management of the introduction and spread of invasive alien species recognises the BWM Convention as one of the possible management measures for invasive species of concern.

⁽¹¹⁾ Council document 13398/16 (<http://data.consilium.europa.eu/doc/document/ST-13398-2016-INIT/en/pdf>).

⁽¹²⁾ OJ C 451, 16.12.2014, p. 64.

4.2. *Long-term advantages of an integrated, cross-sectoral approach*

4.2.1. *Harmonisation of legal requirements*

4.2.1.1. The current state of play needs to be properly assessed following the 18 January 2016 deadline for EU Member States to amend their national legislation and transpose Directive 94/25/EC on recreational craft, as amended by Directive 2003/44/EC. This directive was enacted to promote the sustainable development of the sector and decrease the number of boat accidents at sea through the introduction of standard requirements on user safety as well as exhaust and noise emissions.

4.2.1.2. This European legal framework was intended to remove disparities among Member States which risk hindering intra-EU movement. This mandatory harmonisation process has brought about a number of challenges which need to be identified and analysed urgently, as there is clearly still no uniformity at European Union level in terms of requirements. There is a lack of coordination and uniformity, as illustrated by the different national training schemes for skippers⁽¹³⁾. If not effectively and expediently managed, the interim transposition process can be counter-productive and potentially affect the competitiveness of the recreational boating industry, with implications which are contrary to the objectives set for nautical and maritime tourism.

4.2.2. *Competitiveness*

4.2.2.1. In recent years, various sub-sectors of this industry have been subject to demand volatility and fluctuations in the tourism industry at large which has also been affected by the economic climate prevailing in the source countries. The aftermath of recent terrorist attacks in Europe and the subsequent heightening of other terrorism threats will no doubt impact tourism. However, over the years tourism has proved to be very resilient, even in very challenging times, as illustrated by the quick recovery following the 2008-2009 economic crisis and subsequent multiple crises.

4.2.2.2. High-quality tourism products and services are becoming increasingly important and we must be innovative, while investment must be guaranteed. We need to look at product diversification and improvement across the entire value chain. This is an avenue that can give a significant boost to nautical and maritime tourism and to the attractiveness of the potential destinations. This will also enable us to adapt to changing consumer patterns and to demographic change, which is influencing travel patterns.

4.2.2.3. Customers are becoming increasingly adventurous and are more prepared to participate in new travel modes and experiences. The Commission's recent EUR 1,5 million call for the creation of nautical routes that promote nautical tourism is a step in the right direction. This initiative will help to promote linkages to other economic sectors and attract visitors with special interests such as gastronomy, culture and leisure activities.

4.2.2.4. Within the framework of its competences, the Commission carries out actions to support the competitiveness and sustainability of the tourism sector that can also benefit the development of nautical and maritime tourism.

4.2.2.5. One such action is the COSME programme, which, over the past six years, has supported the development and promotion of transnational thematic tourism products, in areas such as maritime tourism, cultural tourism, gastronomy, sports and wellness⁽¹⁴⁾. The EDEN initiative also gives visibility to non-traditional destinations which have demonstrated excellence in sustainable tourism development⁽¹⁵⁾. The 2010 edition focused on coastal, riverside and lake destinations, promoting innovative approaches towards their aquatic tourism offer.

4.2.2.6. Regions can also tap into the European Structural and Investment Funds⁽¹⁶⁾ when it comes to investment for the modernisation of coastal areas, marinas and ports, and for the preservation of the natural and cultural heritage in coastal areas, if they contribute to the relevant thematic objectives and are part of a territorial strategy. The Commission has also published a guide⁽¹⁷⁾ providing a comprehensive overview of EU funding opportunities for the tourism sector. Coastal and maritime tourism stakeholders can apply for relevant funds under these different programmes.

⁽¹³⁾ See also OJ C 389, 21.10.2016, p. 93.

⁽¹⁴⁾ https://ec.europa.eu/growth/sectors/tourism/offer/sustainable/transnational-products_en

⁽¹⁵⁾ https://ec.europa.eu/growth/tools-databases/eden/about/themes_en

⁽¹⁶⁾ http://ec.europa.eu/regional_policy/sources/docgener/informat/2014/guidance_tourism.pdf

⁽¹⁷⁾ http://ec.europa.eu/growth/tools-databases/newsroom/cf/itemdetail.cfm?item_id=8496

4.2.2.7. The linkage and promotion of these services can be achieved through the clustering of products and services that can enhance visitors' experience, i.e. by directing them to a comprehensive choice of preferred products and services that will specifically appeal to them. The concept of clustering is becoming increasingly popular in tourism, involving the offering of specialised tourist products and services. Targeted marketing allows for the use of every means, especially digital methods, to reach out directly to all potential visitors, with a view to creating a direct connection between potential visitors and the destination.

4.2.3. *Job creation potential of nautical and maritime tourism*

Investing in people is a prerequisite for sustainable and competitive growth. Achieving this goal requires strategic change management in terms of skills development opportunities, industry-wide cooperation and commitment and leadership by relevant stakeholders. This is a process that requires bringing together key stakeholders through social and civil dialogue, in an effort to set a common strategy to address a challenge that is faced by most EU Member States. This can also serve as a basis for creating new job prospects, especially for young people, for ensuring the long-term sustainability of the sector, and for safeguarding seafarers' rights in relation to their conditions of employment at sea and the benefit of an enhanced compliance regime.

4.2.3.1. In its opinion on growth and jobs in coastal and maritime tourism ⁽¹⁸⁾, the EESC said that the proposed move to carry out a survey of training needs and set up a 'blue jobs' section in the EURES portal was important. However, it is also essential for the Commission to publicise this extensively and raise awareness in Member States about the need to take on board the survey's outcome in their domestic training policies. The training should be aimed at employees as well as employers, but also at tourism institutions. Increased awareness about the importance of tourism, European heritage and the environment should also be included in the training. This must feature in compulsory education so that young people are educated about this from an early age.

4.2.3.2. The Commission has undertaken many initiatives to develop skills in tourism that will also benefit blue jobs, such as the 'New Skills Agenda' ⁽¹⁹⁾. This important policy document contains a 'blueprint for sectoral cooperation on skills', which identifies tourism as one of the six pilot sectors to pursue specific actions based on an industry-led approach. In this connection, a call for proposals was published at the end of January 2017 under the Erasmus+ fund with a budget of EUR 4 million. The fund will support the creation of a platform of sectoral key stakeholders (including industry and education providers) who will propose actions and recommendations for the next 5 to 10 years. The platform will analyse major trends and skills needs in the sector, develop concrete actions to satisfy short- and medium-term skills needs, revise occupational profiles, update new curricula, promote the attractiveness of the sector, and encourage mobility for students and jobseekers.

4.2.3.3. A call for tender with a budget of EUR 800 000 will also be published in March 2017 under COSME, to support actions promoting the image of tourism careers. The actions will include awareness-raising campaigns on existing initiatives and tools for skills development in tourism, and on the image of tourism careers, through the provision of support materials, interviews and webinars presenting positive aspects of tourism careers (i.e. that they are international, trendy, dynamic). The actions will target tourism businesses (including SMEs) and start-ups, as well as students and jobseekers.

4.2.4. *Statistical economic data*

4.2.4.1. The nautical and maritime tourism industry is very complex and involves a diverse set of relationships between many different stakeholders. The various economic activities that together make up this industry vary considerably. Statistical information regarding maritime and coastal tourism in the Member States is not always readily available and the method of collection may vary from one country to another. This may produce inconsistent data and therefore present figures which may not give precise results. In view of the sector's importance for the European economy, consistent and precise data are an absolute must. This will also help everyone in the sector to precisely understand and ascertain the dynamics of the nautical industry and how this influences the EU's economic performance. The tourism satellite

⁽¹⁸⁾ OJ C 451, 16.12.2014, p. 64.

⁽¹⁹⁾ <http://ec.europa.eu/social/main.jsp?catId=1223>

account⁽²⁰⁾ methodology can provide the sector with the necessary tool. The economic data derived through this system can be combined with the collection of other important data which together can constitute the 'sustainable indicator mechanism'. A number of Member States are already familiar with the tool and this will facilitate the process.

Brussels, 30 March 2017.

*The President
of the European Economic and Social Committee*
Georges DASSIS

⁽²⁰⁾ The Tourism Satellite Account (TSA) developed by the UNWTO is a standard statistical framework and the main tool for the economic measurement of tourism. The Recommended Methodological Framework 2008 (also known as the TSA: RMF 2008) provides the updated common conceptual framework for constructing a TSA.

Opinion of the European Economic and Social Committee on 'Islands in the EU: from structural handicap to inclusive territory'

(Exploratory opinion)

(2017/C 209/02)

Rapporteur: **Stefano MALLIA**

Consultation	Exploratory opinion (Maltese Presidency), 16 September 2016
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
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Adopted at plenary	29 March 2017
Plenary session No	524
Outcome of vote (for/against/abstentions)	163/1/3

1. Conclusions and recommendations

1.1. A greater effort must be undertaken by the EU to recognise the uniqueness of the challenges facing islands. Such challenges cannot be addressed only through cohesion policy.

1.2. Islands suffer from a number of structural handicaps which often result in difficult conditions for carrying out business. The EESC strongly believes that key policy areas such as the single market, competition policy, transport policy, rural development policy and fisheries policy, as well as EU initiatives and programmes supporting education, training, youth and sport Policies must be applied with a greater degree of flexibility when it comes to island economies.

1.3. The EESC feels that the criteria used by Eurostat to define an island region should be reassessed and more appropriate criteria used (see points 2.4-2.6).

1.4. People with disabilities, and more generally all people with disadvantages, must be given specific attention as they tend to suffer more than others the effects of the problems being faced by islands.

1.5. The EESC considers it essential that all efforts to assist islands should give priority to providing access to public services, promoting sustainable growth, and fostering full employment, competitiveness and cohesion in European islands.

1.6. Islands and island regions often provide unique opportunities for clean energy solutions. The EESC supports all the efforts of the European Commission in this direction and more specifically supports the transition of islands to 100 % clean energy solutions.

1.7. The EESC supports the call of the European Parliament to the Commission to launch an in-depth study on the extra costs incurred by European islands.

1.8. The EESC calls on the Commission and the Council to consider all island regions or Member State islands as eligible for financing related to infrastructure in cohesion policy for post-2020. In view of this, all 2014-2020 funds aimed at mitigating the specific constraints faced by islands have to be subject to an *ex post* assessment of their effectiveness.

1.9. The EESC calls on the Commission to define a more appropriate legislative framework with respect to the application of state aid in island regions and islands consisting solely of island Member States.

1.10. The EESC calls on the Commission to intensify coordination via the Inter-service Group on Territorial and Urban Development and use the territorial impact assessments tool to review key legislation and identify where insularity clauses could be included.

2. Insularity and Europe: general overview

Scope

2.1. Europe's islands are home to over 21 million people. They account for approximately 4 % of the EU-28's total population. The population of all the EU islands put together (excluding islands that are nations — Great Britain, Ireland, Cyprus and Malta), would give us the 11th most populated country of Europe ⁽¹⁾. There is an urgent need for the adoption of an integrated policy framework to address the economic, social and territorial cohesion issues faced by European islands.

2.2. The EU must recognise the uniqueness of the challenges facing islands. In this respect an effort is needed at both EU and national level so as to maximise the full potential of EU islands.

2.3. This opinion aims at reigniting the debate at EU level on the insularity value in European policies, specifically targeting cohesion policy for post-2020, fostering a 'bottom-up' approach based on more concrete participation by civil society and social partners in the decision-making process to establish policies and programmes founded on people's real needs. Partnership and multi-level governance provided for in CPR ⁽²⁾ must be further strengthened in the post-2020 period.

2.3.1. This opinion also aims at delivering an appropriate set of policy recommendations to feature the concept of 'inclusive islands', putting into practice the principles of 'Efficiency' and 'Equity' as pillars to foster the competitiveness and social cohesion of all islands in Europe:

— 'Efficiency' — ensuring that all islands can achieve their full development,

— 'Equity' — ensuring all citizens have access to opportunities and services regardless of the territorial context in which they live.

Definition of islands and insularity

2.4. According to the Eurostat definition ⁽³⁾, an island is any territory meeting the following five criteria: (1) having an area of at least 1 square kilometre; (2) being located more than 1 kilometre from the mainland; (3) having a permanent resident population of at least 50 people; (4) having no fixed link with the continent; (5) not containing an EU capital.

2.5. Europe's islands can also be grouped according to the geographical aspects, NUTS classification (Nomenclature of territorial units for statistics) and with regard to their size.

2.6. There are three dimensions that define insularity: (1) smallness, (2) remoteness; and (3) vulnerability ⁽⁴⁾.

2.7. The EU approach towards islands took a higher profile with the introduction of two small island states, Cyprus and Malta, as members of the EU.

2.7.1. During 2008 the 'Green paper on territorial cohesion' ⁽⁵⁾ proposed a definition of territorial cohesion as 'a means of transforming diversity into an asset that contributes to sustainable development of the entire EU'. From this perspective, insularity can be considered as an asset and a source of potential development.

⁽¹⁾ <https://europeansmallislands.com/2017/02/11/the-11th-nation/>

⁽²⁾ Article 5 of Regulation (EC) No 1303/2013 of the European Parliament and of the Council of 17 December 2013.

⁽³⁾ *Portrait of islands*, European Commission, Eurostat, 1994.

⁽⁴⁾ 'Insularity and economic development: a survey', Manuela Deidda, CRENOS 2014.

⁽⁵⁾ European Commission, COM(2008) 616 final — Brussels, 6 October 2008.

2.8. The 'EU cohesion policy 2014-2020' provides the basis to align EU programmes to the needs of disadvantaged territories, such as islands, with particular regard to key territorial challenges identified in the 'Common Strategic Framework'. New tools to support integrated territorial development strategies that were introduced for 2014-2020 such as integrated territorial investment and Community-led local development have to be further analysed from an island perspective in preparation for post-2020 cohesion policy.

2.9. Taking into account the EESC's opinion on 'Specific problems facing islands' and 'Smart islands' ⁽⁶⁾, and following the mid-term review of the 'Europe 2020 strategy' ⁽⁷⁾, it is clear that when it comes to islands, cohesion policy funds did not work as expected. It is evident that a rethink is required.

2.10. In January 2016, through the resolution 'The special situation of islands' ⁽⁸⁾, the European Parliament provided a basis for the revision of existing EU policies.

3. Main problems affecting European Islands

3.1. According to the conclusions of the ESPON Euroislands study ⁽⁹⁾, before analysing the problems that affect European islands, a brief description of the 'strengths and weakness' and 'opportunities and threats' is useful to better contextualise the challenges which islands will face during the coming years.

3.1.1. Concerning the 'strengths', the quality of life, the presence of a high density of natural and cultural capital and a strong cultural identity, represent tangible levers which should be exploited to create new wealth and employment in the islands.

3.1.2. Concerning 'weaknesses', insularity affects directly and permanently some of the most important attractiveness parameters of islands such as accessibility, public interest services, private services and networks, economies of scale and market organisation.

3.1.3. 'Opportunities' can be listed as the demand for quality of life, quality and safe food products, specific-interest tourism and residential services. These factors should be exploited and transformed in strengths to face the main adverse conditions of insularity related to smallness, remoteness and vulnerability.

3.1.4. 'Threats' can be identified regarding climate change, globalisation, economic crises, rising energy prices, water scarcity, soil degradation and extinction of fishing stocks.

3.2. Even if the problems affecting European islands have effects which vary widely according to specific factors ⁽¹⁰⁾, it is possible to group them into three main groups: (1) islands' economy; (2) social equity; and (3) environmental conservation.

3.3. **Islands' economy** — Islands have an average GDP/capita which is lower than the average of the EU-28 ⁽¹¹⁾. In general the process of economic convergence is slower than for the rest of the EU regions. For many islands, GDP levels and employment are sustained by tourism and a large public sector signalling low competitiveness of the economy.

3.3.1. The high cost of transport and lack of connections with other territories constitute a major problem for island territories. Such a problem needs to be recognised and approached in a flexible manner aimed at allowing island economies to survive and flourish. Although the legal framework EU Regulation (EEC) No 3577/92 allows Member States to organise public services to ensure regular connections with island territories, there is a need to review what the actual impact of this measure has been.

3.3.2. Another aspect that adversely affects the competitiveness of some islands' economy is that related to the 'monoculture economies' where certain insular economies specialise in one or just a few economic fields (e.g. tourism), or have a limited economic activity due to their small size.

⁽⁶⁾ OJ C 181, 21.6.2012, p. 7, OJ C 268, 14.8.2015, p. 8, <http://www.eesc.europa.eu/?i=portal.en.ten-opinions&itemCode=40697>

⁽⁷⁾ See EESC opinion *Taking stock of the Europe 2020 strategy*, OJ C 12, 15.1.2015, p. 105.

⁽⁸⁾ European Parliament — Strasbourg, 4 February 2016.

⁽⁹⁾ *The development of the islands — European islands and cohesion policy (EUROISLANDS)*, ESPON 2013 European programme.

⁽¹⁰⁾ Geographical location, proximity or remoteness from the mainland or from economic centres, climate, attractiveness from the point of view of tourism, size of population, prospects for agriculture and fisheries or the overall level of development.

⁽¹¹⁾ Eurostat statistics — Data extracted in March 2016.

3.3.3. The EESC supports the call by the European Parliament for the Commission to launch an in-depth study/analysis on the extra costs incurred by European islands, in terms of the transport system for people and goods, energy supply and access to markets, in particular for SMEs.

3.4. **Social equity** — During the last decade social equity in the European islands was profoundly modified because of a number of internal and external factors: transportation, economic changes, changes in life styles, cultures and aspirations. The economic crisis adversely affected social equity factors.

3.4.1. Demographic decline affects the least developed islands which tend to suffer more from ageing populations.

3.4.2. In certain insular systems (e.g. Mediterranean islands) refugee migration has impacted social equity standards. Large numbers of migrants have recently arrived on island territories, sometimes even outnumbering the local population, who in turn are not in a position to provide the necessary support and assistance. The EESC calls on the Commission to continue to strengthen the synergies between the Asylum, Migration and Integration Fund (AMIF) and the European Structural and Investment Funds (ESI Funds) and encourages Member States and regions to use ESI Funds to support effective integration policies covering education, employment, housing and non-discrimination.

3.4.3. EU initiatives and programmes supporting education, training, youth and sport policies, such as Erasmus+, should take into consideration the isolation of islands, as well as the lack of expertise and knowledge that sometimes exists in order to ensure proper funding and functioning of international exchanges and interactions.

3.4.4. People with disabilities, and more generally all people with disadvantages, suffer the effects of the abovementioned problems more than others. The positive example of cohesion policy that requires final beneficiaries to make projects financed with ESI Funds to be accessible for people with disadvantages should be a guiding example for all EU policies.

3.5. **Environmental conservation** — European islands are often situated in regions considered as unique places for their biodiversity.

3.5.1. One of the reasons for this is the high fragmentation of habitats. Many islands are considered as particularly rich in terrestrial and marine biodiversity. In general, this is reflected by the fact that protected areas are found in most of the islands.

3.5.2. European islands have unique natural features, but their ecosystems are also fragile and very vulnerable to human and other external pressures. They may also be characterised by limited arable land, drought, rising sea levels and land erosion.

3.5.3. All islands face more or less serious problems concerning sea pollution, in particular the dangers of plastic-based pollution, which is endemic in our oceans (caused mainly by non-island activities), desertification and landscape degradation, fresh water scarcity, fossil fuel dependency, waste and wastewater management.

4. Towards 'inclusive islands': the way forward

4.1. The way forward to transform these challenges is to harmonise and improve the balance between economic, environmental and social sustainability, by applying a 'holistic approach' aimed at implementing the concepts of 'Quality islands', 'Green islands' and 'Equal opportunity islands'.

'Quality islands' — Improving the competitiveness, prosperity and cohesion of European islands

4.2. The EESC considers it essential to promote sustainable growth (economic, environmental and social) and to foster full employment, innovation, competitiveness and cohesion in European islands, consolidating and diversifying particular economic activities to foster mutual solidarity between islands themselves, and between islands and the mainland.

4.2.1. In spite of the consequences of size and insularity, islands' products based on local resources and know-how can be competitive. New knowledge, innovation and skilled human resources are the prerequisite for the success of such a strategy that has to be 'niche oriented'.

4.3. The EESC strongly believes that key policy areas such as the single market, competition policy, transport policy, rural development policy and fisheries policy must be applied with a greater degree of flexibility when it comes to island economies. One cannot just depend on cohesion policy to achieve the required goals.

4.3.1. A priority to be taken into account to foster 'Quality islands', considering the abovementioned policy areas, is related to the exploitation of the 'open and social innovation' towards the creation of new job opportunities and enterprises thus creating islands which are more attractive for inhabitants.

'Green islands' — Guaranteeing sustainability in the European islands

4.4. It is essential that Member States, through the use of ESI Funds, strengthen the commitment towards the sustainable management and protection of the environment and to enhance the islands' territorial assets. It is also vital that strategies aimed at reducing the use of resources such as water, land, energy and the recycling of waste produced both by businesses and the local population are implemented.

4.5. The EESC considers the 'circular economy' a priority for European islands. Developing a circular economy model for European islands will help to protect insular economies against exposure to resource supply risks and volatile commodity prices.

4.6. Islands and island regions often provide unique opportunities for clean energy solutions. The European Commission has recognised this and has pledged to support the development and adoption of best available technologies on EU islands and island regions, including exchange of best practice in financing and legal and regulatory regimes⁽¹²⁾. The EESC encourages the Commission to embark on such an effort with the Member States and Island authorities and offers it full support for the implementation of a comprehensive legal framework to support the transition of European islands to 100 % clean energy solutions.

'Equal opportunities islands' — Guaranteeing accessibility and connectivity for all inhabitants

4.7. The EESC endorses the promotion of territorial development based on the equal access of all insular citizens to services of general interest (SGI), cooperation between insular and mainland systems, better accessibility of services, sustainable mobility, and upgrading transport modes and communication infrastructure.

4.8. It is essential to promote re-skilling and lifelong learning processes that make the most of locally available human resources, secure equal conditions and opportunities for people with disabilities and support active ageing as a strategic local resource. It is also fundamental to encourage young people living on the islands to be more involved in the EU's programmes aimed at promoting mobility for training and qualification courses, such as 'Erasmus+'.

4.9. In addition to firm political support, the challenges that EU islands will have to face during the coming years will also require a greater participation of civil society and social partners in the process towards a 'new strategy for islands', as well as an entrepreneurial system bolstered by measures designed to improve SME competitiveness.

4.9.1. This is why public and private economic stakeholders, the social partners and the various components of organised civil society must have know-how concerning EU policies, programmes and funding opportunities, through ad hoc training programmes, organisational support and technical assistance.

4.10. The EESC stresses that digital capacity is a vital means of counterbalancing the connectivity handicaps of European islands. More investment is required for information and communication infrastructure and technologies to ensure sufficient availability of public services to meet the needs of all those living in insular territories.

5. Specific comments and proposals

5.1. The EESC feels that the criteria used by Eurostat to define islands should be reassessed in terms of appropriateness.

⁽¹²⁾ Communication on clean energy for all Europeans.

5.2. The EESC welcomes the fact that the 2014-2020 Common Strategic Framework⁽¹³⁾ required Member States to take into account geographic or demographic features and to take steps to address the specific territorial challenges of each region to unlock their specific development potential, thereby also helping them to achieve smart, sustainable and inclusive growth in the most efficient way. A greater effort is needed in this direction for the achievement of more tangible results.

5.3. The main challenge to support the competitiveness and cohesion of European islands is to enhance their level of attractiveness. According to the conclusions of the Euroislands study⁽¹⁴⁾, two main factors have to be taken into account when planning the development processes toward smart, sustainable and inclusive growth of European islands: attractiveness for living and attractiveness for business.

5.4. Considering the resolution of the European Parliament on the 'Specific situation of islands' and CRPM's resolutions, the EESC identifies the way forward to enhance the attractiveness as follows:

- consider all island regions and islands consisting solely of island Member States as less developed regions in cohesion policy for post-2020,
- define new and more appropriate criteria for 'State aid',
- activate an 'Islands unit' at DG REGIO together with a specific programme for islands,
- include insularity clauses in all key EU legislative acts (where appropriate).

5.5. The EESC supports the CoR in its call for more intensive and targeted support from cohesion policy and other EU policies to revitalise port cities and areas, including islands, whilst making use of the opportunities created by the Territorial Agenda, the Urban Agenda, the Leipzig Charter and the Pact of Amsterdam⁽¹⁵⁾.

5.6. Most of the funding from cohesion policy is concentrated in less developed regions. The classification of regions in cohesion policy is largely based on regional GDP, which is a less than perfect indicator for a number of reasons.

5.6.1. Considering the EESC conclusions on the 'Mid-term review of Europe 2020 strategy', additional indicators to complement GDP in the allocation methodology for Structural Funds should be explored. This scenario should result in an increase of funding for island territories. The EESC calls on the Commission to develop other indicators beyond GDP that take into account the economic, social and environmental vulnerability of islands.

5.6.2. Taking into account the 'beyond GDP approach', European islands could be classified as being 'less developed territories'. In this case all European islands could use Cohesion Funds to realise and implement strategic infrastructures and the amount of aid to enterprises for competitiveness and cohesion of these areas could also be increased and modulated according to their level of attractiveness.

5.6.3. The added value of a programme of innovative actions for islands should be explored by the Commission and aim to identify and test innovative solutions for sustainable island development for the post-2020 period.

5.6.4. Considering the geomorphological and economic characteristics of some European islands (coastal areas, inland and mountain areas), it is possible to implement an innovative approach aimed at fostering the complementarity between ESI Funds and synergies between strategies to support 'Blue growth' and 'Rural development'.

Brussels, 29 March 2017.

The President
of the European Economic and Social Committee
Georges DASSIS

⁽¹³⁾ Regulation (EC) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 ('CPR') Article 10 and Annex I.

⁽¹⁴⁾ *The development of the islands — European islands and cohesion policy** (EUROISLANDS) — The ESPON 2013 programme.

⁽¹⁵⁾ <http://cor.europa.eu/en/activities/opinions/Pages/opinions-and-resolutions.aspx>

III

(Preparatory acts)

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

523TH EESC PLENARY SESSION OF 22 AND 23 FEBRUARY 2017

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 — ‘Space strategy for Europe’*(COM(2016) 705 final)**(2017/C 209/03)*Rapporteur: **Mindaugas MACIULEVIČIUS**

Consultation	European Commission, 26 October 2016
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Single Market, Production and Consumption
Adopted in section	9 March 2017
Adopted at plenary	30 March 2017
Plenary session No	524
Outcome of vote	199/02/03
(for/against/abstentions)	

1. Conclusions and recommendations

1.1. The EESC welcomes the communication of the European Commission on a ‘Space strategy for Europe’ and endorses the proposed guidelines. These feature a number of new elements including the opening to civil society, the focus on small and medium-sized enterprises (SMEs), the impetus to research and development and the need to ensure adequate financial flows in space activities, including through mobilisation of private capital.

1.2. The EESC encourages the Commission to continue on this path and to set its sights on even more ambitious horizons. The first heading of the communication is entitled: ‘Maximising the benefits of space for society and the EU economy’ and incorporates many of the recommendations made by the Committee in its ‘Space and society’ project.

1.3. The EESC understands the dual nature of space capabilities. However, it reiterates its strong support for a space policy oriented towards **civil needs** (peace and cooperation), recognising the importance of using space monitoring systems for the purpose of public safety and security. This dual use of is one of the keys to the success of integrated and harmonised policies to safeguard the welfare of European citizens.

1.4. Given the excellent results to date in terms of precision and reliability, the EESC hopes that the Commission will draw up a regulation making the use of Galileo as a geo-positioning system priority and in some specific cases preferential in Europe.

1.5. Investments planned for the coming years are sufficient for the Copernicus and Galileo programmes, but they have to be guaranteed. Next year the debate on the new multiannual financial framework of the Union will be opened; the Committee would like to see additional resources allocated to meet the new challenges posed by climate change, security and defence against external threats. The Horizon 2020 programme and the Structural Funds could be used to support the development activities of the space sector.

1.6. The EESC asks the Commission together with European Investment Bank to identify new financing options to encourage private investors to take the space sector into account. To this end, the Commission could cooperate by organising meetings, to be held at the level of the individual Member States concerned, at which banks, institutional investor, and companies would be invited to study new forms of investment, including space clusters.

1.7. The EESC believes that the only way to ensure long-term success of the EU space strategy is through the active involvement of all Member States. This can be achieved through the concrete and targeted capacity-building measures aimed at particularly assisting the Member States with emerging space capabilities and interests. Such measures may start being realised, inter alia, through the organisation of training sessions, awareness-raising events, consultations (both technical and user-focused), demonstration projects, regional initiatives, synergies between advanced and emerging Member States and other measures that are tailor-made to help meet the needs of the Member States.

1.8. Education and public awareness-raising regarding the benefits of information and data made available through space activities are of highest importance. Including space activities in school, university and further education curricula would also be important.

1.9. Training technicians and engineers is crucial for the future of European industry. Strengthening the European labour market, improving the infrastructure for exercises and tests, centres of excellence and life-long learning and constantly lifting knowledge and skills to new heights that include space science must be the cornerstones of Europe's space strategy.

1.10. To this end, the Committee would like the Commission to test the feasibility of creating a single portal displaying all the activities being undertaken by the various organisations and agencies. The portal should be accessible to all interested members of the public and operators and should highlight the benefits of all the ongoing activities and flag up the potential opportunities in the space economy in particular for SMEs.

1.11. In a recent opinion on the European initiative on cloud computing ⁽¹⁾, the Committee highlighted 'the obstacles preventing Europe from tapping into the potential of data, particularly regarding the lack of interoperability, the fragmentation of structures and their lack of openness to other contributions and exchanges'. Obviously the same problems also exist in the terrestrial infrastructure of the European space system and must be overcome as soon as possible.

1.12. Europe has excellent infrastructure for launching satellites, with the new generation of launchers such as Ariane and Vega making for significant savings, partly thanks to increased cooperation between Member States. The development of reusable launch vehicles will lead to a significant cost reduction and will permit access to space activities for those countries that lack the means to be able to provide efficient infrastructure in outer space.

1.13. There's growing interest in using small satellites for communications and monitoring systems. Even within the Earth observation market, it is expected the significant growth of small satellites market through new applications. Therefore, it will be important for EU to focus on developing mini and nano satellites in order to take advantage of this market. At the same time, it will become an opportunity not only for smaller Member States but also for private operators. The EESC underlines, however, that such an increase of less costly satellites monitoring the Earth's surface will result in enormous amounts of data. The protection of the private life of every citizen and user should be prioritised with sharp consciousness and solid regulations ⁽²⁾.

⁽¹⁾ OJ C 487, 28.12.2016, p. 86 (point 3.5).

⁽²⁾ See EESC opinions (OJ C 125, 21.4.2017, p. 51).

1.14. Guaranteed access to and security of space infrastructure are among the priorities that the Commission will have to consider. Cooperation with other countries is essential to avoid a rush for the most favourable orbits and a lack of interest in governing the issue of space debris. Diplomatic activities related to the management of outer space must therefore be stepped up. At the same time, the EESC recommends that the EU boost innovation in cleaning up the waste in space.

1.15. Recent meetings at global level ⁽³⁾ have also highlighted the importance of such cooperation. They have identified four pillars: economy, society, accessibility and diplomacy. These issues have always been the focus of attention of the EESC, which has taken the initiative of highlighting their importance in terms of the economy and society.

1.16. A new approach to data use is therefore called for, facilitating access to SMEs, making citizens as well as SMEs aware of the possibility to have access without any discrimination to these big data information channels, enhancing protection against cyber attacks and continuously developing new applications through targeted initiatives drawing on the creativity of our researchers, universities and businesses. The EESC emphasises that according to the Aarhus Convention, big data usage for environment protection has to be facilitated with affordable costs.

2. Gist of the Commission proposal

2.1. The EU currently has the second largest public space budget at global level and is the main institutional customer for launch services in Europe. It possesses world-class space systems, with Copernicus for earth observation and EGNOS and Galileo for satellite navigation and geo-positioning. Between 2014-2020, the EU alone will invest EUR 12 billion in space activities.

2.2. Space technologies have become indispensable in the daily lives of European citizens. Moreover, space-based solutions bring benefits in a wide range of contexts including disaster management, agriculture, transport, energy infrastructure and global challenges. Space technologies, data and services can underpin numerous EU policies and key political priorities. Space is also of strategic importance for Europe: it strengthens its role as a global player, represents an asset for security and defence and helps boost jobs, growth and investments. Europe has a thriving satellite manufacturing industry representing around 33 % of the open world market and a dynamic downstream services sector encompassing numerous SMEs. The European space economy was estimated at EUR 46-54 billion in 2014, corresponding to 21 % of the value of the global space sector.

2.3. Building on Article 189 of the Treaty (TFEU), the Commission is proposing a new space strategy for Europe focused on four strategic goals:

A. Maximising the benefits of space for society and the EU economy by:

- (a) encouraging the uptake of space services and data; and
- (b) advancing the EU space programmes and meeting new user needs.

B. Fostering a globally competitive and innovative European space sector by:

- (a) supporting research and innovation and development of skills; and
- (b) fostering entrepreneurship and new business opportunities.

C. Reinforcing Europe's autonomy in accessing and using space in a secure and safe environment by:

- (a) maintaining Europe's autonomous access to space;
- (b) ensuring access to radio frequency spectrum;
- (c) ensuring the protection and resilience of critical European space infrastructure;

⁽³⁾ High-level forum — Space as a driver for socioeconomic sustainable development. Dubai, 24 November 2016.

(d) reinforcing synergies between civil and security space activities.

D. Strengthening Europe's role as a global actor and promoting international cooperation.

3. General comments

3.1. The EESC has always been very active in supporting the Commission and stakeholders on space issues.

3.2. The EESC has set out a number of priorities in its opinions on space:

- putting in place proactive policies for SMEs and employment support,
- involving Member States with emerging space capabilities and interests in space activities,
- substantially improving European governance,
- involving civil society in defining strategic choices,
- investing in the sector and highlighting the role of finance and investment funds,
- supporting research and development activities, promoting study programs in all levels in the field of aerospace and technology,
- developing cooperation in the space domain between European, national and regional authorities, businesses and end-users.

4. Specific comments

4.1. *Space strategy and the MFF⁽⁴⁾: financial aspects*

4.1.1. An ambitious strategy requires an ambitious budget. According to the Commission, the EU space budget is the second largest in the world. It is a combination of the European Union budget, Member States' separate budgets for space and the European Space Agency (ESA) budget. The US budget is nearly four times greater than the EU's. It is very hard to estimate Russia and China's real expenditure in the field of space, as not all data related to their space activities is publicly available. On the other hand, when comparing space budgets as a percentage of GDP, Europe is only in sixth place.

4.1.2. The EC's ambitious goals require the mobilisation of massive investments that the public sector alone simply cannot afford. The involvement of private investors, the banking sector, investment funds and other financial stakeholders is vital to support the development of research and new applications

4.1.3. The communication does not sufficiently highlight or support the crucial role of SMEs, and should reinforce it, in particular innovative start-ups. Whilst more attention is given to their strength in terms of innovation, the financial solutions proposed do not meet the sector's real needs, one of which is the chronic shortfall in funding. Given the high risks involved, the banking system is reluctant to support innovation. For many SMEs it is impossible to participate in public calls for tender, since they are often tailored specifically to large-scale players. More support should therefore be given to SMEs by introducing calls for tender for companies of this size. More open subcontracting to a wider range of SMEs for the larger projects would also be also a step in the right direction. Horizon 2020 and other R & D programmes have a significant role to play, and their use should be maximised from the perspective of SMEs.

4.1.4. The EESC is concerned about possible effects of Brexit and its outcome on European space activities. The UK is one of the leading Member States in the field of space. Therefore, the EU has to consider possible ways of cooperation with the UK in the space domain.

⁽⁴⁾ Multiannual financial framework (MFF).

4.2. *Capacity building in the Member States*

4.2.1. Not all EU Member States are deeply involved in space activities, and regrettably not all sectors (including private and public) see the benefits of space activities. In the public sector, for example, space activities can be used efficiently in a number of different areas, including: up-to-date territorial monitoring, monitoring of housing insulation performance, detection of illegal dump sites and much more.

4.2.2. In order to ensure EU space sector's competitiveness, it is vital to involve all Member States with emerging space capabilities and interests in this space activities, together with their stakeholders, business operators, researchers and other institutions. The Commission should envisage concrete measures.

4.3. *Governance*

4.3.1. The Committee appreciates that the recent discussion about governance, which the EESC highlighted in a number of its previous opinions, was resolved. The ESA's strategy was validated during the ESA Ministerial Council in December 2016 (incl. the allocation of budget between the different programmes for the period 2017-2021). The EU and ESA strategies do not differ any longer; they are complementary.

4.4. *Downstream services and infrastructure requirements*

4.4.1. There is an **urgent** need to establish big data centres to store, pre-process and analyse data downloaded from Copernicus. The ability to use historical data in conjunction with Copernicus is also very important for developing new tools in this area.

4.4.2. The EU has committed itself to the ambitious COP21 agreement and the sustainable development goals. The EESC emphasises that satellite-based monitoring systems and big data processing facilities on the ground are key to the successful implementation of both local and global commitments. There is clearly a need for new tools related to climate change, as called for by the EESC in previous opinions, such as NAT/696 ⁽⁵⁾.

4.4.3. As agreed in the COP21 agreement, LULUCF ⁽⁶⁾ has a major role to play in absorbing current levels of CO₂ in the atmosphere. Forests are carbon sinks, and daily precision monitoring of the state of forests can prevent illegal felling of trees and encourage active forest management, including planting more trees with a rapid growth rate and early detection and prevention of forest fires. The current EU proposals, allowing CO₂ emissions in sectors such as industry or transport to be offset by using forest-based carbon sinks or through growth of forests, put a much stronger emphasis on economic, social and environmental concerns. The proposals clearly highlight the urgent need for Copernicus-based monitoring tools. Internationally these tools are of highest importance, as they can be used to monitor precisely the actual level of progress in mitigation and absorption in different states worldwide.

4.4.4. The EESC acknowledges that satellite-based monitoring systems and data centres are of great importance for sustainable food production in the future. In particular, there are major benefits for precision agriculture, not least because Galileo and GNSS can save fossil fuel. Moreover, software using Copernicus images in different spectrums can identify exactly those areas of fields where moisture or nutrient levels are either insufficient or excessive, enabling the amounts of water and nutrients to be adjusted, thereby saving fresh water and minimising the use of fertilisers and pesticides. This significantly enhances the sustainability of farming systems, promotes early detection and prevention of plant diseases, predicts future yields and guarantees both significant economic benefits and a very positive social and environmental impact.

4.4.5. Precision meteorology should be further developed in order to facilitate early detection and prevention or preparedness for extreme weather conditions, which can reduce food loss on farms, and also safeguard people from danger to their health and properties.

⁽⁵⁾ EESC Opinion — Effort-sharing 2030 and land use, land use change and forestry (LULUCF) (OJ C 75, 10.3.2017, p. 103).

⁽⁶⁾ Land-use, land-use change and forestry (LULUCF).

4.5. Information, education and awareness

4.5.1. In 2014, the EESC launched its 'Space and society' project where partners stressed the need to move forward by including all of society in the debate on the importance of Europe's role in the space sector. European civil society must be properly consulted if we are to understand its expectations and needs.

4.5.2. The Commission's communication contains no reference to this strategic challenge, even though public consultation on the space strategy for Europe was conducted in 2016. The debate on space policies has traditionally been restricted to the major stakeholders, simply ignoring the fact that if we are to develop a consumer-oriented market, they need to know about and be aware of the advantages and opportunities that technology can offer.

4.5.3. Each major player has an individual communication strategy, but there is no common vision or strategic plan to present to the general public. The EESC believes that a strategy cannot be achieved without involving civil society stakeholders, be they public or private, in the action plan.

4.5.4. Meetings for end-users should be organised at regional, national and European level. Information campaigns should also be organised, with the active participation of local authorities.

4.5.5. The EESC invites the Commission and the main partners to open a 'Space and society' portal with the cooperation of public and private organisations and entrepreneurs. Information and awareness-raising should be among the top priorities of a new space policy, the aim of which will ultimately be to address the public's real needs.

Brussels, 30 March 2017.

The President
of the European Economic and Social Committee
Georges DASSIS

Opinion of the Economic and Social Committee on the 'Proposal for a Directive of the European Parliament and of the Council on preventive restructuring frameworks, second chance and measures to increase the efficiency of restructuring, insolvency and discharge procedures and amending Directive 2012/30/EU'

(COM(2016) 723 *final* — 2016/0359 (COD))

(2017/C 209/04)

Rapporteur: **Antonello PEZZINI**

Co-rapporteur: **Franca SALIS-MADINIER**

Consultation	European Parliament, 16.1.2017 European Council, 25.1.2017
Legal basis	Article 114 of the Treaty on the Functioning of the European Union
Section responsible	Single Market, Production and Consumption
Adopted in section	9.3.2017
Adopted at plenary	29.3.2017
Plenary session No	524
Outcome of vote (for/against/abstentions)	220/2/7

1. Conclusions and recommendations

1.1. The EESC supports the proposal for a directive on preventive restructuring and second chances and for this reason puts forward proposals from civil society, which aim to complete the substance of the directive.

1.2. In light of its content and the need to complete the rules of the single market, the EESC would prefer to see the proposal take the form of a regulation and not be afraid to move towards the maximum possible harmonisation of current systems.

1.3. The EESC insists that an obligation on company management to inform and consult employees prior to and during negotiations be formally specified in the directive. In particular, greater attention should be given to workers' interests during the early restructuring phases, and similarly, during the insolvency proceedings, explicit reference should be made to Article 5(2) of Directive 2001/23/EC in order to protect workers' rights in this context.

1.4. The EESC calls on the Commission to include an obligation to 'anticipate' a state of insolvency as a core principle by setting out a code of good conduct. To this end, the EESC suggests that the principle of a 'social warning' be included in the directive in an appropriate manner.

1.5. The EESC recommends that the directive incorporate the key principle of guaranteeing the status of all workers as priority creditors in all Member States. Moreover, the Committee proposes establishing in all Member States — where it does not already exist — a national risk-pooling fund that guarantees the payment of salaries to employees. This fund, which is in operation in some Member States, could be financed through a specific contribution by employers. Member States could participate in governing this fund and act as guarantors.

1.6. The EESC recommends that the Commission rapidly establish procedures and time-scales that would allow the company's difficulties to be identified in good time.

1.7. The professionals, experts and members of the judiciary called to work in this area should have appropriate common training and extensive experience which enables them to work in what, up to now, has been largely uncharted territory.

1.8. It is necessary to check entrepreneurs' reliability criteria. This is linked to honest professional behaviour and evidenced by appropriate certificates issued by the authorities. These certifications could be used to justify the granting of a second chance.

1.9. The EESC urges the directive to consider the abuse of the insolvency procedure by management in order to deny workers their rights as an illegal practice which therefore negates access to a moratorium and denies managers who do so from benefiting from a second chance.

1.10. The EESC welcomes the marginal role granted to the courts, which will intervene only in cases of necessity.

1.11. The EESC highlights the social value of businesses and the efforts to keep them operational with simple, inexpensive and timely procedures. This is in line with the Treaty on European Union (Article 3), while respecting the entrepreneur's good faith.

2. Business insolvency rules in the EU

2.1. On 20 May 2015 the European Parliament and the Council of the European Union adopted EU Regulation (EU) 2015/848 ('the Regulation') on insolvency proceedings in different Member States.

2.2. The new regulation embraces fresh perspectives on the objectives of insolvency law, including the notion that insolvency proceedings are no longer to be considered simply in terms of liquidation. Instead they are considered as tools that guarantee the company's resources are preserved — including therefore its employees' right to work — and, where possible, ensure the survival of the company.

2.3. In the various Member States where restructuring procedures take precedence over liquidation procedures the credit recovery rate is 83 %, in comparison with 57 % ⁽¹⁾.

2.3.1. Moreover, the length of proceedings differs greatly between countries ⁽²⁾, varying between a few months to several years.

2.3.2. There are also a number of inconsistencies in access to restructuring procedures before insolvency is declared.

2.3.3. Recent studies ⁽³⁾ have highlighted that insolvency laws are not entirely fit for purpose and that there are excessive inconsistencies between Member States' laws. This has resulted in barriers to the movement of investments within the single market.

2.4. For entrepreneurs — who have an economic failure rate of 50 % ⁽⁴⁾ in the first five years of activity — the objective is to benefit from a moratorium when a crisis becomes apparent and, subsequently, to reach settlements with debtors within a maximum term of three years, thus removing the stigma of bankruptcy and encouraging a second chance for honest entrepreneurs.

2.5. The establishment, by June 2019, of an interconnected digital system of 'insolvency registers' to be set up in each Member State and to be accessible free of charge through the European e-Justice Portal represents an important innovation in the creation of a Single European Judicial Area.

2.6. According to the Commission, 200 000 companies in Europe fail each year, which results in 1,7 million jobs being lost. This could often be avoided if we had more effective insolvency and restructuring procedures.

2.7. The review of the implementation of the 2014 Commission recommendation on restructuring and second chances showed that, despite the reforms in the area of insolvency, there are still clashes between the rules and they remain ineffective or non-existent in some countries. The 2015 Capital Markets Union Action Plan announced a legislative initiative on business insolvency, including early restructuring and second chances.

⁽¹⁾ World Bank Doing Business Index 2016.

⁽²⁾ See SWD(2016) 357 final.

⁽³⁾ <https://webcast.ec.europa.eu/insolvency-conference>; http://ec.europa.eu/justice/civil/files/insolvency/impact_assessment_en.pdf COM(2015) 468 final, 30.9.2015 (Insolvency on pp. 24-25); SWD(2015) 183 final, 30.9.2015 (Insolvency on pp. 73-78), and others.

⁽⁴⁾ Flash Eurobarometer 354 (2012), which also showed that 43 % of Europeans would not start a business because of the fear of failure.

2.8. The Commission initiative should also be viewed in the light of the various recommendations formulated to emphasise, *inter alia*, that:

- the disparities between national insolvency laws can create unfair competitive advantages or disadvantages;
- the issue of insolvency laws must be considered from an employment law perspective, since the varying definitions of ‘employment’ and ‘employee’ may affect workers’ rights within the EU in the event of insolvency;
- the lack of harmonisation with regards to ranking creditors may reduce the predictability of the outcomes of judicial proceedings;
- insolvency procedures should not be used abusively or opportunistically by creditors or by one single creditor;
- measures are needed to prevent forum shopping.

3. The Commission’s proposals

3.1. The Commission’s proposal — which has a legal basis in Article 53 and 114 of the TFEU — focuses on three main areas:

- shared principles on the use of early restructuring frameworks, which will help businesses to continue their operations and to preserve employment;
- rules that allow entrepreneurs to benefit from a second chance after being discharged from debt, within a maximum time frame of three years;
- measures for Member States to increase the efficiency of insolvency, restructuring and discharge procedures, with a consequent reduction in delays and excessive costs relating to procedures, the elimination of legal uncertainty for creditors and investors and higher rates of recovery on unpaid debts.

3.2. The new rules set out some basic principles to ensure that insolvency and restructuring frameworks are consistent and effective across the EU:

- businesses in financial difficulty, particularly SMEs, will have access to warning systems in order to identify deteriorations in the business and to ensure restructuring at an early stage;
- flexible preventive restructuring frameworks which should simplify judicial procedures in terms of time-scales, cost and complexity;
- a grace period of a maximum of four months for the debtor before enforcement measures are imposed. This will encourage negotiations that may lead to effective restructuring;
- the absence of possible action to block restructuring plans by creditors and dissenting minority shareholders, while fully safeguarding their legitimate interests;
- protection for new financing and for interim financing in order to increase the chance of effective restructuring;
- full protection of employment law during preventive restructuring proceedings, in compliance with workers’ legislation currently in force in the EU;
- standardised training and specialisation for insolvency practitioners and judges throughout the EU;
- full use of new IT technologies for compliance, notifications and online communications, to guarantee greater efficiency and to cut back the length of insolvency, restructuring and second chance procedures.

3.3. The proposal for a new directive also takes into account ‘continuity’ aspects of procedures, where entrepreneurs keep control of their own activities — i.e. automatic stay, a four-month period during which creditors are not allowed to bring individual proceedings to recover a debt.

4. Specific comments on the Commission document

4.1. *Title I: Debt discharge*

4.1.1. With regard to the optional application of debt discharge procedures to consumers, the EESC, after having drafted several opinions on the subject, is totally opposed to this possibility, which contradicts the requests it has made concerning the urgent need to establish a specific set of arrangements for consumer over-indebtedness.

4.2. *Title II: Anticipation and warning systems*

4.2.1. The EESC believes it would be helpful to clarify the extent and scope of the directive's application (type of business, number of employees), with particular reference to SMEs and their influence on the local economy.

4.2.2. There is broad agreement on the need to help businesses to restructure in time, so as to save jobs and maintain their value, as well as to support honest entrepreneurs.

4.2.3. It would be useful and appropriate to lay down criteria according to which management can be considered 'honest'. These objective criteria should be defined and formalised in the directive. A recent occurrence which should not be overlooked is the tactical use of insolvency procedures to avoid legal liability and deny workers their rights. A deterrent against the use of such practices must be provided, by denying those who resort to them a moratorium and a second chance.

4.2.4. Employees and trade union organisations must be involved at all stages, with effective consultation and sufficient information provided beforehand. Employee representatives and trade union organisations must have the right to propose alternative solutions to safeguard employment and have the right to refer to an expert.

4.2.5. When it exhibits key common elements that could be shared, the preventive restructuring framework should adhere to a common, uniform EU protocol.

4.2.6. The EESC proposes that procedures for creating a national risk-pooling fund that guarantees the payment of employees' wages be established in all Member States. This fund could be financed through a specific contribution by employers. Member States could participate in governing this fund and act as guarantors⁽⁵⁾.

4.2.7. In order to safeguard jobs and to avoid redundancies, the concept of a 'social warning' must be supported. This is an obligation on the company to inform and provide all stakeholders with sufficient warning of the difficulties that the company is facing. This provision, to be adopted as appropriate in accordance with each specific case, will also be a useful test for clearly establishing that the entrepreneur's behaviour is honest and socially responsible.

4.2.7.1. A culture of sharing with workers' representatives, trade union organisations, other representative organisations and other stakeholders must be promoted.

4.2.8. The objective is to reduce action taken by judicial/administrative authorities, which are too often called upon prematurely to solve insolvency issues using drastic measures.

4.2.9. At national and European level, the principle of informing and consulting employee representatives as appropriate (EWC Directive 2009/38/EC) should be applied and their rights and their protection recognised when launching alerts, since they are often the first to become aware of the company malfunctioning (the whistleblower as a means of prevention).

4.2.10. Article 3(3) should be clarified. In particular, the criteria by which businesses could be excluded from the early warning mechanism (i.e. number of employees, turnover, etc.) should be specified.

⁽⁵⁾ This proposal was made back in 1764 by Cesare Beccaria in his treatise 'On Crimes and Punishments'.

4.3. *Title III: Preventive restructuring frameworks*

4.3.1. A favourable, proactive general framework should be established based on harmonising experience and procedures.

4.3.2. In order to achieve what has been set out under Article 114 of TFEU — i.e. to establish the internal market — the Commission must lay down harmonised insolvency procedures, including through the use of delegated acts. At present these appear to vary too much between individual Member States.

4.3.3. Similarly, appropriate pre-insolvency procedures which take account of the reasons behind obstacles to normal financial flows — which are sometimes linked to delayed payments ⁽⁶⁾ — must be proposed and harmonised at Community level.

4.3.4. Rules of good conduct between clients and service providers should be established which impose maximum time limits on payment for services.

4.3.5. In other cases, failures occur for political reasons beyond the entrepreneur's power.

4.3.6. Protection for new funding and interim funding must be guaranteed through common rules and a code of conduct applied in a consistent manner in different countries. Such rules should also be able to protect legitimate positions put forward by minorities.

4.3.7. Some regional administrations in European countries have already established joint bodies ⁽⁷⁾, tasked with intervening swiftly when there is a need for action to support a company in difficulty ⁽⁸⁾.

4.3.8. It would be helpful to carry out a study into these organisations and to draw useful lessons from the most significant examples.

4.3.9. Establishing joint bodies, with strong powers, a clear vision, foresight and with solid social aims, could help to overcome gaps in anticipation and strategic innovation which have weakened the world of work as a whole and contributed to the economic crisis that has affected Europe, in various forms, since 2008.

4.3.10. The early restructuring tools and the second chance mechanism are both benefits for entrepreneurs who, having adhered to the warning and anticipation procedures, request access to them. Both aim to establish the conditions for involving creditors (firstly workers and trade unions).

4.3.10.1. For this reason, it seems essential that the entrepreneur who has requested access to these benefits immediately make their accounting records (balance sheets and related attachments, banking and insurance documents and stock records, etc.) available to their stakeholders (workers, unions, creditors in general, bodies appointed to reach a settlement for the crisis) and consent to all forms of checks on their activities.

4.3.10.2. This would not only respect the principle of transparency, but would also make some of the key principles mentioned in and underpinning this proposal for a directive more effective.

4.3.10.3. Immediate access to all the company's documentation could allow:

- all players involved to understand the company's current economic situation with a view to identifying the appropriate measures to rectify the state of crisis as quickly as possible;
- the provision of appropriate information to creditors (workers and others, including their experts) taking part in negotiations to approve the plan and/or proposed alternative measures, enabling them to express their opinion or vote with full knowledge of the restructuring plan (Article 8);

⁽⁶⁾ According to studies carried out by the Avignon Academy, delays in payments lead to at least 30 % of business failures.

⁽⁷⁾ Composed of experts from the regional authorities and representatives of credit organisations and the social partners.

⁽⁸⁾ See, for example, the *Organismo di vigilanza e di sostegno delle aziende in difficoltà* (body for supervision and support to companies in difficulty) established by the business department of the Autonomous Region of Sicily in March 2016.

- the provision of adequate information to practitioners (Article 17(3)), as well as to judicial authorities and their experts (Article 13) in cases where they are called to assess the restructuring plan;
- a more accurate assessment of the entrepreneur's honesty (Article 22(1)), given that examining the document will show how the entrepreneur became indebted (whether in good or bad faith) and whether the procedure was adopted in good time, after the first indications that the company was in crisis.

4.3.11. The impact assessment of the restructuring should include the effects on employment, since if they are known in advance, it is possible to take appropriate steps to safeguard jobs, such as measures relating to training and the development of workers' skills.

4.3.12. With regard to Chapter 5, Article 18: directors should be prevented from reducing company assets below the level necessary to pay accrued commitments to employees.

4.4. Title IV: Access to debt discharge (second chance)

4.4.1. In its 2013 opinion on insolvency proceedings, which also apply to this opinion, the EESC highlighted, *inter alia*, the fact that:

- entrepreneurs who have learned from their previous failure and are able to start again with a renewed business plan should benefit from the 'second chance' proposed;
- employees should be better protected and recognised as 'privileged creditors' in all Member States;
- resorting systematically to the courts does not seem to be the best solution and the Committee asked the Commission to consider the possibility of establishing new bodies;
- the obligation for Member States to improve publicity rules, setting up an electronic register of relevant legal decisions was a positive step.

4.4.2. The rules on second chances, reserved for entrepreneurs after a first failure, must be clear and common to all EU countries, as set out under Article 114 on the Single Market. They must be supported by employees who have not incurred damages or harm as a result of the entrepreneur's first failure.

4.4.3. Too often the rigidity of procedures in many countries has encouraged drastic action by insolvency practitioners.

4.4.4. The action to be taken, in a consistent and open manner in all EU Member States, must transform the old role of insolvency practitioners into a new role of 'practitioners for the development of employment'. This must be done through broad and in-depth cultural and technical training, using in particular the IT processes provided by the European e-Justice Portal and implemented by Regulation (EU) 2015/848.

4.4.5. The EESC welcomes the proposed simplified access to a second chance. As such, it seems significant that the over-indebted entrepreneur may be discharged of their debts, after the prescribed discharge period has elapsed, without having to re-apply to a judicial or administrative authority — Article 20(2).

4.5. Title V: Measures to increase the effectiveness of the procedures.

4.5.1. It would be helpful if the initial and further training for 'members of the judiciary and administrative authorities dealing with restructuring, insolvency and second chance matters' was organised directly by the Commission (including through agencies).

4.5.2. The requirements for practitioners operating in the EU must be harmonised, including: minimum standards should be set for the aforementioned practitioners, such as training and professional qualifications, registered status as a practitioner, liability and the professional code of ethics.

4.5.3. Internal supervision tools are also needed, including: accounting, reporting and audit practices to unlock and enhance the effectiveness of the procedures.

4.6. Title VI: Monitoring of procedures

4.6.1. As has been highlighted under point 4.3.10.1, only full and timely access to the company's documentation can guarantee the authenticity and completeness of the data to be collected for the purpose of making the monitoring procedure more effective (Article 29).

4.6.2. The clarity and completeness of this documentation must be reiterated by the Implementing Act issued pursuant to Regulation (EU) No 182/2011.

Brussels, 29 March 2017.

The President
of the European Economic and Social Committee
Georges DASSIS

Opinion of the European Economic and Social Committee on the proposal for a regulation of the European Parliament and of the Council on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, and (EU) 2015/2365

(COM(2016) 856 final — 2016/0365 (COD))

(2017/C 209/05)

Rapporteur: **Antonio GARCÍA DEL RIEGO**

Referral	Council of the European Union, 7 February 2017 European Parliament, 13 February 2017
Legal basis	Articles 114 and 304 of the Treaty on the Functioning of the European Union
Section responsible	Economic and Monetary Union and Economic and Social Cohesion
Adopted in section	8 March 2017
Adopted at plenary	29 March 2017
Plenary session No	524
Outcome of vote (for/against/abstentions)	226/2/2

1. Conclusions and recommendations

1.1. The European Economic and Social Committee (EESC) welcomes the proposed 'Framework for the recovery and resolution of central counterparties' ⁽¹⁾, which aims to move towards a definitive and harmonised recovery and resolution process for central counterparty (CCP) clearing in the EU, and endorses both its objectives and the approach.

1.2. The EESC underscores that it is paramount to implement the existing decision by the G20 for global governance of CCPs as well as the specific recommendations by the Financial Stability Board Standing Committee on Supervisory and Regulatory Cooperation (FSB SRC), the FSB Resolution Steering Group (FSB ReSG), the Committee on Payments and Markets Infrastructures (CPMI), the International Organisation of Securities Commissions (IOSCO), and the Basel Committee on Banking Supervision (BCBS) into harmonised, binding legislation ensuring a sound and secure global level playing field.

1.3. The EESC would therefore welcome flexibility to adapt the proposed regulation to the future evolution of international consensus on CCP regulation, i.e. recommendations by the Financial Stability Board (FSB) ⁽²⁾.

1.4. In the EESC's view, the transformation of the current system of individual CCP solutions based on international recommendations and national supervisory authorities into a definitive recovery and resolution regulation that is clear, consistent, robust and comprehensive, as well as proportionate and future-proof in the context of other legislation such as the Bank Recovery and Resolution Directive (BRRD), is of paramount importance.

1.4.1. In this context, the EESC is of the opinion that a single CCP supervisory authority and a single resolution authority would put them in a better position to pool expertise and data as well as to ensure that the new regulation is implemented by the CCPs in a standardised way across Europe, eliminating the current patchwork of different national supervisors with slightly different supervisory criteria and tools.

⁽¹⁾ COM(2016) 856 final.

⁽²⁾ Please also see as supporting example: 'EBA and ESMA call to clarify margin requirements between CRR and EMIR', 18.1.2017. The recommendations included in the report aim at avoiding duplication of requirements for derivative transactions and thereby avoid increased regulatory risk and increased costs for monitoring by competent authorities.

1.5. Given the central role of the European Central Bank (ECB) in the Single Supervisory Mechanism (SSM) for the banking sector, its existing competence to ensure efficient and sound clearing, payment and settlement systems ⁽³⁾ as well as its role in providing CCPs with access to central bank money, the EESC strongly recommends considering using or extending the ECB's remit to make it both the central European CCP supervisor under the umbrella of the SSM as well as the central resolution authority under the umbrella of the ECB/Eurosystem.

1.6. The EESC considers that additional monitoring tools should be prescribed for the supervisory authorities in this area, to allow for a comprehensive picture of the risk position of individual clearing members across multiple CCPs (including third-country CCPs) and of CCPs across markets, modelling potential domino effects on positions across CCPs. Supervisors or preferably a central supervisor should be empowered to conduct their own, holistic stress tests and understand the risk position and risk mitigating assets of the relevant CCPs on a quarterly, monthly or day-to-day basis, as required by the situation, this in addition to the annual CCP stress test performed by EMSA under the European Market Infrastructure Regulation (EMIR).

1.7. While the EESC assumes that there will be a natural sequence in first the resolution of one or several individual clearing members under BRRD and then — if required — the recovery and resolution of one or several CCPs, it should be clarified that there are scenarios where priority should be given to the recovery of one or several CCPs over the recovery of one or several banks, who are the major clearing members of these CCPs.

1.8. The EESC requests that CCP's recovery plans should specify tools and measures that will be considered to re-match the CCPs book, since this proposal neither determines which specific options recovery plans should contain or exclude.

1.9. In the Committee's opinion, close attention should be paid to how non-financial counterparties (NFC) and segregated client assets of indirect clearing participants, might be impacted, in case of the use of position and loss allocation tools, i.e. in case of termination of contracts and the reduction of the value of any gains payable by the CCP to non-defaulting clearing members. In the same vein, the Committee welcomes the fact that the current proposal does not include 'initial margin haircutting', as it would not be an appropriate recovery and resolution tool, nor 'variation margin gains haircutting', as hedged positions have to be expected.

1.10. In the EESC's opinion, any explicitly mentioned option of a bail-out of CCPs with tax-payers' money should be removed from the proposed legislation and especially excluded for third-country CCPs. The option of extraordinary public support should be proposed by the respective authorities when deemed appropriate and thereby remain extraordinary by nature. The currently included option of extraordinary public support under certain conditions might create a moral hazard situation. This would also make the implementation of a single supervisory authority and a single resolution authority politically more acceptable from a national perspective.

1.10.1. In this context, the EESC requests that going forward the same or similar binding standards are also required of CCPs authorised under European Market Infrastructure Regulation (EMIR) ⁽⁴⁾ under an 'equivalence' decision as third-country clearing organisations (third-country CCPs).

1.11. The EESC proposes that the resolution authority's power to terminate certain or all contracts in respect of the clearing services of a CCP should be used very restrictively where a CCP supports spot markets and is clearing cash products.

⁽³⁾ One of the Eurosystem's basic tasks is to *promote the smooth operation of payment systems* (Article 127(2) of the Treaty on the Functioning of the European Union and Article 3(1) of the Statute of the European System of Central Banks and of the European Central Bank). The legal basis for the Eurosystem's competence in the area of payment and settlement systems is contained in Article 127(2) of the Treaty on the Functioning of the European Union. According to Article 22 of the Statute of the European System of Central Banks and of the European Central Bank, *'the ECB and the national central banks may provide facilities, and the ECB may make regulations, to ensure efficient and sound clearing and payment systems within the Union and with other countries.'*

⁽⁴⁾ Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.

1.12. The EESC believes that the suspension of the clearing obligation in resolution of a single CCP needs to be applied taking into consideration potential impacts on other CCPs authorised to provide clearing services in the same asset class.

2. Background

2.1. Both the European Union's Bank Resolution and Recovery Directive (BRRD) and the United States' Dodd-Frank Act require systemically important banks to have in place 'living wills' to enable an orderly wind-down in a crisis event with limited contagion on the broader financial markets. With mandatory central clearing post-EMIR and Dodd-Frank, CCPs have become increasingly important for the overall safety and soundness of the financial system. Therefore, in addition to ensuring the resilience of CCPs, robust recovery and resolution planning is required to ensure that greater reliance on central clearing does not result in a new category of entity that is 'too big to fail'.

2.1.1. Although the failure of a CCP is statistically unlikely, due to its specific business model and focus on risk management, it could, due to its central role in the market as a systemically important financial institution (SIFI), cause widespread contagion within the financial system, creating a domino effect on clearing members and the markets it supports. It is a low-likelihood, high-impact event.

2.2. CCPs play a key role in the financial system by managing a complex network of counterparty risk relationships. They do this, in essence, by (i) interposing themselves between the parties to contracts traded in one or more financial markets (regulated or 'over the counter' (OTC)); and (ii) protecting themselves against defaults by their users by collecting adequate margins and collateral from both the buyer and the seller, and implementing loss-sharing arrangements (so-called default waterfalls to be used in extreme cases, where individual margins prove to be insufficient)⁽⁵⁾.

2.3. A participant in a CCP enjoys reduced risks compared with bilateral clearing in that he or she benefits from multilateral netting, adequate collateralisation and mutualisation of losses. CCPs net participants' obligations (long and short positions) for single products, determining a single multilateral balance per product/participant, regardless of the identity of the counterparty before novation. Where products are significantly correlated, CCPs can determine participants' margins across products (portfolio margining), allowing them to offset risk by holding positions on correlated products.

2.4. In order to fully realise the benefits of CCPs, CCPs must (1) manage their risk effectively and have adequate financial resources available; and (2) be subject to strong regulatory oversight and supervisory requirements. First, CCPs must be sufficiently resilient in the sense that their financial resources (including margin requirements, pre-funded default funds and liquidity resources) allow them to withstand clearing member failures and other stress events to a very high probability. Second, CCPs must have recovery plans that allow them to allocate excess losses and generate additional liquidity without putting an excessive burden on clearing members and other financial institutions, many of whom are likely to be systemically important in their own right. Finally, there must be credible CCP resolution plans in place.

2.5. In 2009, the G20 leaders committed to ensuring that all standardised OTC derivatives contracts are cleared through CCPs. Increased use of central clearing of derivatives is intended to enhance financial stability by:

- increasing multilateral netting,
- requiring derivatives market participants to post adequate amounts of variation and initial margin,
- helping to manage the default of large derivatives market participants,

⁽⁵⁾ European Systemic Risk Board, 'ESRB Report to the European Commission on the systemic risk implications of CCP interoperability arrangements', January 2016.

— increasing the transparency of the derivatives market and helping to simplify transactional networks ⁽⁶⁾.

2.6. At international level, the Committee on Payments and Market Infrastructures (CPMI) together with the International Organisation of Securities Commissions (IOSCO) and the Financial Stability Board (FSB) already issued guidance on the recovery and resolution of financial market infrastructures (FMIs), including CCPs, as early as 2014. Moreover, the recovery and resolution of CCPs are important priorities of the ongoing international work plans set out in 2015.

2.7. At EU level, the European Commission has issued a proposal ⁽⁷⁾ — based on the above-mentioned work carried out at international level — for a legislative regime on the resolution and recovery of CCPs, which is the focus of this opinion.

3. Observations and comments

3.1. *The proposed regulation*

3.1.1. The EESC notes that regulatory requirements for CCPs are stronger today than before the crisis. The CPMI-IOSCO Principles for Financial Market Infrastructures (PFMI) provide a comprehensive framework for the resilience and recovery of CCPs.

3.1.2. The EESC commends the significant work the CPMI and IOSCO have undertaken to address the resilience and recovery of CCPs at international level.

3.1.3. The Committee would therefore like to see a mechanism in the proposed regulation to allow flexible adapting to the future evolution of international consensus on CCP regulation, i.e. recommendations by the Financial Stability Board (FSB).

3.1.4. Consequently, the Committee endorses the proposed regulation, in which international standards — currently implemented slightly differently by CCPs depending on the legal and regulatory environment — are incorporated into one standardised set of harmonised and heterogeneous obligations under EU law.

3.1.5. The EESC notes the importance of taking a holistic approach to amending other related legislation, i.e. the Bank Recovery and Resolution Directive (BRRD) and of ensuring that moratorium tools (Article 5 and Article 10 BRRD) and other mechanisms continue to exclude payment and delivery obligations to certain payment systems, CCPs, Central Securities Depositories (CSDs) and central banks in order not to unbalance portfolios and collateral held by or transferred to CCPs.

3.1.6. In this context, the EESC assumes that there will be a natural sequence in first the resolution of one or several individual clearing members under BRRD and then — if required — the recovery and resolution of one or several CCPs, of which these clearing members have been major clients. There could be scenarios where priority should be given to the recovery of one or several CCPs over the recovery of one or several banks, which are the major clearing members of these CCPs.

3.1.6.1. According to principles set out by the CPSS and IOSCO, default resources for systemically important CCPs should, at a minimum, be sized to withstand the default of the two clearing members that would potentially cause the largest aggregate credit exposure to the CCP in extreme but plausible conditions (so-called 'Cover 2'). If clearing members exceeding the exposure in the sense of Cover 2 vis-à-vis one or several CCPs were failing and processed according to BRRD, the implication for the CCPs and the other, none-defaulting clearing members needs to be considered in all decisions relating to the troubled general clearers under BRRD.

⁽⁶⁾ See Chairs of the FSB SRC, FSB RESG, BCBS, CPMI and IOSCO, '2015 CCP Workplan', April 2015.

⁽⁷⁾ COM(2016) 856 final.

3.1.6.2. Potentially the CCP needs to be stabilised and supported under this proposed legislation, before the BRRD process can be applied to these troubled clearing members. Also there could be scenarios where non-defaulting clearing members might be put into default through the application of tools defined in the proposed legislation and then become subject to BRRD. If this, however, helped to stabilise the CCP, servicing multiple clearing members, the stabilisation of the CCP should take priority over the stabilisation of the individual clearing member.

3.2. Extraordinary measures in the public interest need to be proportionate and avoid recourse to public funds

3.2.1. The Committee points out that the proposed regulation is aimed at market situations that are extreme and exceptional; however, it is paramount that the recovery and resolution regime should allow for the continuity of CCPs' critical services without recourse to public funds or any form of public solvency support or any other form of government financial stabilisation, public equity support or temporary public ownership. The currently explicitly included option of extraordinary public financial support under certain conditions should be removed to avoid creating a moral hazard situation, by wrongly incentivising clearing participants not to contribute to recovery and resolution of a CCP at an early stage, and to wait and see if and how far extraordinary public support is provided, thereby willingly accepting or even provoking the spill over into the public sphere.

3.2.2. As the specific scenarios in which the recovery and resolution regime is applied cannot be precisely predicted, CCPs should retain flexibility in designing and implementing recovery tools in order to be able to manage different default situations. Too much prescriptiveness could lead to inefficient rigidity. As a first step, CCPs should therefore be allowed to process the default management process and eventually implement their recovery plan before resolution authorities intervene, unless there is evidence that the recovery plan is likely to fail or compromise financial stability.

3.3. Different treatment of non-financial counterparties (NFCs) and segregated client accounts

3.3.1. The European Market Infrastructure Regulation (EMIR) sets obligations and requirements applicable to both financial (FC) and non-financial counterparties (NFCs) that enter into derivative contracts. FCs comprise banks, insurers, investment managers, pension funds, Undertakings for the Collective Investment of Transferable Securities (UCITS) and AIFs while NFCs include NFC+ (entities with rolling 30-day gross notional derivative positions of at least EUR 1 billion for credit and equity derivatives and/or EUR 3 billion for interest rate swaps, currency, commodity and other instruments) and NFC-. In addition there are third-country entities (TCE) that may be subject indirectly to EMIR when they enter into transactions with EU counterparties.

3.3.1.1. The EMIR clearing obligation will apply if the OTC derivative contract is between two FCs, an FC and an NFC+, or two NFC+s, or an FC/NFC+ and a TCE that would be subject to clearing if it were established in the EU. Exemptions to the requirements will end throughout 2017.

3.3.2. After all exemptions have expired, NFCs of a certain size as direct or indirect participants of a CCP will be affected by the Recovery and Resolution Regulation due to the obligation to centrally clear certain classes of OTC derivative contracts⁽⁸⁾. Thereby NFCs and clients of pension funds could be drawn into unintended liabilities due to the combination of this regulation and the clearing obligation, creating an even closer linkage between the real economy/asset managers and systemically important financial institutions (SIFIs).

3.3.3. The EESC therefore asks the Commission to consider a different approach for dealing with NFCs — especially those producing companies hedging physical exposure in the real economy — within the proposed recovery and resolution framework in cases where public authorities are forced to take extraordinary measures in the public interest, potentially overriding normal property rights and allocating loss to specific stakeholders, and withholding payments of gains from the CCP to NFCs as a measure of last resort.

⁽⁸⁾ In accordance with Articles 5 and 6 of Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.

3.3.4. (Pension) funds and other entities managing money for small investors and investing in capital markets will have to hold positions in CCPs directly or indirectly through clearing members. These entities are subject to national oversight and strict restrictions for their investments to ensure they do not expose end clients to undue risks. In addition national regulators or fiduciary obligations make them hold client positions indirectly in client accounts and should be segregated. Through EMIR the option for especially protecting assets of indirect clearing participants has been created with the introduction of client asset segregation and portability.

3.3.5. Given that extensive regulation, investors in such (pension) funds are under the impression that there is special protection of their assets by both national and European legislation. The proposed legislation would, however, make it possible to override normal property rights and allocate loss to specific stakeholders as well as to withhold the payment of gains from the CCP, also impacting client and segregated client accounts. The EESC calls on the Commission to ensure that the possibility of overriding normal property rights (termination of contracts/loss allocation/withholding of gains) does not apply to (segregated) client accounts.

3.4. Transition and third country equivalence

3.4.1. The EESC urges the Commission to ensure that the transition to a harmonised system is properly overseen and synchronised with the requirements for third-country CCPs, to avoid the potential for regulatory arbitrage and a competitive disadvantage for EU CCPs by allowing third-country CCPs to offer services on a less secure basis and thereby at lower costs.

3.4.2. For all countries where the European Commission plans to adopt an 'equivalence' decision, clear rules and regulations on recovery and resolution must be an important factor to be considered. For all countries where the European Commission has already adopted an 'equivalence' decision⁽⁹⁾ this decision has to be revisited in the light of the rules and regulations on recovery and resolution in third countries, to ensure that equivalent CCP recovery and resolution regimes are in place for third-country CCPs offering services within the EU single market and that decisions taken by European resolution colleges are enforceable in the legal environment of the third country. As a minimum requirement information exchange agreements regarding systemic risk with the regulator of the third country CCP and the CCP supervisor(s) and resolution authority within the EU and the participation of such regulators in so-called 'Crisis Management Groups' should be required.

3.4.3. Under the EMIR, the European Commission may request the European Securities and Markets Authority (ESMA) to provide technical advice as to the equivalence of some non-EU jurisdictions which host major derivatives markets or CCPs, which have applied for recognition⁽¹⁰⁾.

3.4.4. Going forward, the EESC calls for the key points to be assessed by the ESMA to include the recovery and resolution legislation of such third countries, in order to ensure a level playing field and to avoid regulatory arbitrage leading to undue risks for participants in the EU single market and, potentially, for EU taxpayers due to services provided by third-country CCPs. It is crucial to have an international level playing field and limit the exposure of EU taxpayers to risks manageable within the EU.

3.5. Single European supervisor and single European resolution authority

3.5.1. In the EESC's view, the EU and the individual Member States need to strengthen the capacity of their supervisory bodies to understand CCP risks and risk management at all levels, in terms of human, financial and technical resources. The EESC feels that supervisors today depend too much on the expertise within supranational organisations and the CCPs themselves. This dependency on expertise could be particularly risky if supervisors need to take control of a troubled CCP at short notice, i.e. if the senior management or board of a CCP were removed and subsequently replaced or if resolution powers were exercised.

⁽⁹⁾ For a complete and current list, see: <https://www.esma.europa.eu/regulation/post-trading/central-counterparties-ccps>

⁽¹⁰⁾ The Commission is expected to use the ESMA's technical advice to prepare possible implementing acts under Articles 25(6), 13(2) and 75(1) of the EMIR concerning the equivalence between the legal and supervisory framework of the third countries (non-EU countries).

3.5.2. The EESC is of the opinion that a single CCPS supervisor and resolution authority would put them in a better position to pool expertise and data as well as to ensure that the new regulation is implemented by the CCPs in a standardised way across Europe, such that a risk of regulatory evasion or arbitrage can be eliminated. In addition, the current patchwork of CCP oversight would be replaced. Today the regulation follows the national supervision approach as set out by EMIR, creating colleges around national regulators to supervise CCPs. The EESC believes, however, that in an extreme stress scenario, where one or multiple CCPs are in danger of failing, a centralised approach would provide maximum efficiency, as decisions have to be taken holistically considering multiple CCPs, clearing members, etc.

3.5.2.1. The EESC feels that the CCP regulation chosen in 2012 under EMIR led to a patchwork solution for CCP supervision⁽¹¹⁾, where central banks, national banking regulators or exchange supervisors were tasked with overseeing CCPs in different countries. This view has been reaffirmed by the ESMA Peer Review under EMIR Article 21 'Supervisory activities on CCPs' Margin and collateral requirements' published on 22 December 2016, where ESMA clearly states that there is a need to enhance supervisory convergence between national supervisors.

3.5.2.2. The report — in its limited scope — already identified a number of areas where supervisory approaches differ between national supervisors and includes recommendations to improve consistency in supervisory practices. Around each national regulator, colleges — with a high overlap of participants for the key CCPs — have been created that would need to work in parallel in the case of the potential failing of multiple CCPs. Given the developments over the last few years, in 2017 with the listed and OTC derivatives markets increasingly coming together in CCPs a new centralised approach should be considered.

3.5.3. Given the central role of the ECB in the Single Supervisory Mechanism (SSM), the EESC proposes considering extending ECB's remit to make it the central European CCP supervisor under the SSM framework. To avoid an internal conflict of interest the ECB/Eurosystem itself should take over the role of central resolution authority. This would be feasible either under its existing remit or with a reasonable extension. One of the ECB's key tasks is 'to promote the smooth operation of payment systems'⁽¹²⁾. Most European CCPs are registered as payment systems to achieve settlement finality⁽¹³⁾. In addition, some major euro-area CCPs (i.e. LCH SA and Eurex Clearing) are licensed and regulated as a credit institution.

3.5.4. According to Article 22 of the Statute of the European System of Central Banks and of the European Central Bank, the ECB may make regulations, to ensure efficient and **sound clearing** and payment systems within the Union and with other countries. Thereby a regulatory role regarding the soundness of clearing systems is already given. The alternative would be to establish a new central European CCP supervisor, which is seen as more time consuming and costly.

3.5.5. A central supervisor for both banks and CCPs under the SSM framework would also honour the fact that most of the systemic relevant banks are members of a large number of CCPs (e.g. JPMorgan, which is a member of 70 CCPs around the world⁽¹⁴⁾) and, hence, the default of one of those big members would trigger simultaneous default auctions in the CCPs of which the defaulting bank is a member.

3.5.6. One political prerequisite for the implementation of a single supervisor and resolution authority from a national perspective is the already requested removal of any bail-out of CCPs with tax-payers' money in form of extraordinary public financial support under certain conditions.

⁽¹¹⁾ For list of CCPs and regulators, please see: https://www.esma.europa.eu/sites/default/files/library/ccps_authorised_under_emir.pdf

⁽¹²⁾ See Article 127(2) of the Treaty on the Functioning of the European Union and Article 3.1 of the Statute of the European System of Central Banks and of the European Central Bank.

⁽¹³⁾ For a list of payment systems, please see: https://www.esma.europa.eu/sites/default/files/library/designated_payment_and_securities_settlement_systems.pdf

⁽¹⁴⁾ See: Financial Times, JPMorgan tells clearers to build bigger buffers, 11 September 2014 by: Sam Fleming and Philip Stafford.

3.6. Optional suspension of the clearing obligation in resolution

3.6.1. The resolution authority of the CCP or the competent authority of a clearing member of the CCP in resolution may request the Commission to temporarily suspend the clearing obligation laid down in Article 4(1) of the proposed regulation for specific classes of OTC derivatives where certain conditions are met.

3.6.2. However it is hard to conceive how, in very stressed market situations, smaller clearing members in particular would be able to manage positions again in a bilateral process at short notice. In addition the clearing obligation is based on specific classes of OTC derivatives across all CCPs and not limited to one CCP. Consequently the suspension of the clearing obligation will potentially impact other CCPs, authorised to provide clearing services in the same products. It has to be ensured that for other CCPs the suspension of the clearing obligation is optional. In addition these CCPs might have cross margining arrangements for these and other classes of derivatives in place, so that the return to a bilateral market has unintended knock-on effects.

3.6.3. The EESC therefore believes that the suspension of the clearing obligation in resolution is a resolution tool to be used without impacting other CCPs authorised to provide clearing services in the same asset class.

3.6.4. Finally the request of the national regulator could potentially have a European wide impact, which therefore, in the Committee's view, provides another argument for a pan-European, single CCP supervisor and a single resolution authority.

Brussels, 29 March 2017.

*The President
of the European Economic and Social Committee
Georges DASSIS*

Opinion of the European Economic and Social Committee on the ‘Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements and amending Regulation (EU) No 648/2012’

(COM(2016) 850 *final* — 2016/0360 (COD))

on the

‘Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 806/2014 as regards loss-absorbing and recapitalisation capacity for credit institutions and investment firms’

(COM(2016) 851 *final* — 2016/0361 (COD))

on the

‘Proposal for a Directive of the European Parliament and of the Council amending Directive 2014/59/EU on loss-absorbing and recapitalisation capacity of credit institutions and investment firms and amending Directive 98/26/EC, Directive 2002/47/EC, Directive 2012/30/EU, Directive 2011/35/EU, Directive 2005/56/EC, Directive 2004/25/EC and Directive 2007/36/EC’

(COM(2016) 852 *final* — 2016/0362 (COD))

and on the

‘Proposal for a Directive of the European Parliament and of the Council amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures’

(COM(2016) 854 *final* — 2016/0364 (COD))

(2017/C 209/06)

Rapporteur: **Daniel MAREELS**

Consultation	European Parliament, 1.2.2017 Council of the European Union, 2.2.2017 and 20.2.2017 European Commission, 17.2.2017
Legal basis	Articles 114 and 304 of the Treaty on the Functioning of the European Union
Section responsible	Economic and Monetary Union and Economic and Social Cohesion
Adopted in section	8.3.2017
Adopted at plenary	30.3.2017
Plenary session No	524
Outcome of vote	177/0/1
(for/against/abstentions)	

1. Conclusions and recommendations

1.1. The EESC very much welcomes the Commission’s package of proposals and hopes that it will contribute effectively to complementing the work done after the crisis to reform the financial sector.

1.2. The Committee welcomes the underlying **holistic and integrated** approach here: a number of major objectives in various fields are unified and reconciled in these proposals, without, however, disregarding the principles. This approach creates the opportunity to make progress in a number of important areas towards a more sustainable common European future and the further completion of the EMU.

1.3. This relates primarily to **objectives in the sphere of banking and finance**. The Committee believes that the proposed measures will undoubtedly help **strengthen** Europe's **prudential and resolution framework** for banks. This is crucial to the objective of **reducing risk in the financial sector** and **enhancing the resilience of the institutions**. Financial stability and a sound financial system that contributes to stable and sustainable economic growth are essential. Furthermore, shadow banking should not be left out and allowed to remain unregulated.

1.4. The Committee believes that the risk-reducing nature of these proposals, in particular, will enable **progress** to be made not only in further advancing the **Banking Union**, but also in implementing its third pillar, the **European Deposit Insurance Scheme**. This is all the more important since a fully-fledged banking union is one of the foundations for the completion of the EMU, the implementation of which should be pursued without delay. Certain specific adjustments in the proposals should facilitate the pursuit of a **Capital Markets Union**.

1.5. The Committee feels that these proposals will make a positive contribution to the continued **restoration of client and consumer confidence** in the financial sector. It is therefore pleased to note that the 'too big to fail' issue is being addressed via the TLAC measures and that efforts are being made to make the bail-in rules more effective and efficient. In any case, it is of paramount importance that in the event of a bank crisis there is no question of resorting to public money or taxpayer funds.

1.6. The Committee also welcomes the attention paid to the **financing of the economy**. In the current climate of uncertainty and change and in a period when the level of investment remains insufficient, no opportunity should be missed to create **new and additional opportunities** for a **lasting and sustainable economic recovery** of the real economy going hand-in-hand with **growth, more investment and job creation**.

1.7. Banks have an important role to play as intermediaries in capital markets and bank loans will undoubtedly remain in the future the main source of funding for households and SMEs. While the proposals are a step forward towards creating the right conditions in which banks can play this role, the question arises of whether it would not be possible to do more to strengthen and intensify efforts for the benefit of SMEs, which are the backbone of the European economy. More specifically, the EESC calls for the confirmation and further expansion of the 'SME supporting factor' ⁽¹⁾, whereby banks are required to set aside less capital for loans granted to SMEs. The Committee also advocates a similar approach for the benefit of social economy enterprises.

1.8. The Committee also welcomes the fact that **account has been taken** of a number of **specific features of the EU, inter alia, on** the basis of the call for evidence. This is the case, inter alia, with the adjustments to the international agreements, which can be found in these proposals, as part of the global reform of the financial sector. This will benefit the financing of the economy.

1.9. The current proposals constitute a further step — but not the last — in the process of **reforming the financial sector** agreed on in the wake of the **international** crisis; the Committee considers that it remains important for **Europe** to play a **leading role** in this ongoing and future international work. International minimum rules should be provided and European values and interests need to be safeguarded. In any case, it is important not to accept any distortions that would adversely affect European institutions.

1.10. However, when it comes to the impact on the rules of the necessary diversity within the European financial sector, the Committee feels that small and non-complex banks are still not being sufficiently taken into account. The current proposals still take insufficient account of the specific features and possibilities of this type of institution. This concerns in particular the **proportionality principle**. Rather than the current fragmented and limited approach, the Committee believes that a more structured and comprehensive approach is crucial here, to the benefit of more institutions and in more fields. No excessively heavy obligations or burdens should be imposed on this kind of institution.

1.11. It is also in the interest of all players and stakeholders — regulators and supervisors, as well as institutions — that **clarity and legal certainty** be sought in the development of the new rules, for which, moreover, a sufficient implementation timeframe should be provided. In order to avoid potential negative effects on the financing of the economy, it would be desirable for the legal transition measures concerning the new IFRS ⁽²⁾ 9 to be finalised swiftly. Furthermore, the sector must tackle a raft of challenges, such as those posed by technological and digital developments, low interest rates and a number of other developments that have arisen in the aftermath of the crisis.

⁽¹⁾ SME SF.

⁽²⁾ IFRS = International Financial Reporting Standards.

Additional conclusions

1.12. With regard to the prudential framework, the Committee welcomes the increased focus on the role of the regulators and supervisors and the options that they are to be given. Rules and supervision are interdependent and must each be able to play their role, inter alia, to achieve better harmonisation of rules and practices. And to be able to act efficiently and effectively should the need arise.

1.13. With regard to the resolution framework, the Committee would endorse the integration of the total loss-absorbing capacity (TLAC) framework into the own funds and eligible liabilities (MREL) rules, as well as harmonisation of the national ranking of subordinated debt instruments in insolvency proceedings. This will harmonise the rules and improve the practical applicability of the loss-absorption framework.

2. Background ⁽³⁾

2.1. On 23 November 2016, the Commission published a series of proposals to reform the regulation of banks. They are intended to implement texts drawn up following work carried out in the Basel Committee on Banking Supervision and the Financial Stability Board, taking account of the results of the Commission's call for evidence, which was aimed at assessing the effectiveness and efficiency of current banking law.

2.2. These legislative proposals ⁽⁴⁾ aim to modify existing banking law. In particular, this concerns:

2.2.1. the **Capital Requirements Regulation (CRR)** and the **Capital Requirements Directive (CRD)** of 2013. These set out prudential requirements for credit institutions (banks) and investment firms and rules on governance and supervision;

2.2.2. the **Bank Recovery and Resolution Directive** and the **Single Resolution Mechanism Regulation** of 2014. They include the rules on the recovery and resolution of failing institutions and establish the single resolution mechanism.

2.3. The new proposals serve multiple objectives. These include, in essence:

2.3.1. increased resilience of EU financial institutions and greater financial stability,

2.3.2. improving the lending capacity of banks to support the economy in the European Union, and

2.3.3. promoting the role of banks in achieving deeper and more liquid European capital markets, to support the creation of a Capital Markets Union.

2.3.4. At the same time, and that could be pointed out here, the proposals aim for a more sophisticated and comprehensive application of the proportionality principle for the benefit of small and/or non-complex banks.

2.4. Without going into detail, the key elements ⁽⁵⁾ of the proposals can be summarised as follows:

2.4.1. With respect to the objectives mentioned in point 2.3.1:

2.4.1.1. the imposition of more risk-sensitive capital requirements, in particular in the areas of market risk, counterparty credit risk and exposures to central counterparties;

2.4.1.2. the implementation of methods which better reflect the actual risks to which banks are exposed;

2.4.1.3. the introduction of a binding leverage ratio ⁽⁶⁾ of at least 3 % in order to prevent institutions from taking on excessive leverage;

⁽³⁾ This text is based, inter alia, on the information provided by the Commission on the proposals (including a press release and Q & A).

⁽⁴⁾ See Procedure 2016/0360/COD, Procedure 2016/0361/COD, Procedure 2016/0362/COD and Procedure 2016/0364/COD.

⁽⁵⁾ The presentation of the proposals that follows is clearly not exhaustive.

⁽⁶⁾ LR.

2.4.1.4. the imposition of a binding Net Stable Funding Ratio ⁽⁷⁾ to address excessive reliance on short-term wholesale funding and reduce funding risk in the long term;

2.4.1.5. the requirement for global systemically important institutions ⁽⁸⁾ (G-SIIs ⁽⁹⁾) to maintain a minimum level of own funds and other instruments to enable them to absorb losses in the event of resolution. This requirement, known as the total loss absorbing capacity ⁽¹⁰⁾, is integrated into the existing MREL ⁽¹¹⁾ system applicable to all banks. This will allow the EU, when the need arises, to resolve failing G-SIIs more effectively and to safeguard financial stability and minimise risks for taxpayers. Moreover, provision is made for harmonisation of the creditor hierarchy, to ensure a level playing field in the event of a bail-in in the resolution of a bank.

2.4.2. With respect to the objectives mentioned in point 2.3.2 (and, to a certain extent, point 2.3.4), the aim is to:

2.4.2.1. enhance the capacity of banks to lend to SMEs and to finance infrastructure projects;

2.4.2.2. reduce the administrative burden for small, non-complex banks in connection with a number of rules regarding remuneration, particularly those relating to deferral and remuneration with instruments such as shares;

2.4.2.3. make the CRR/CRD rules more proportionate and less burdensome for smaller and less complex institutions, since some of the current disclosure, reporting and complex trading book-related requirements appear not to be justified by prudential considerations.

2.4.3. With respect to the objectives mentioned in point 2.3.3, the aim is to:

2.4.3.1. avoid disproportionately high capital requirements for trading book positions, including those related to activities of market makers;

2.4.3.2. reduce the costs of issuing/holding certain instruments (covered bonds, high-quality securitisation instruments, government debt instruments, derivatives used for hedging purposes);

2.4.3.3. avoid disincentives for institutions acting as intermediaries for clients in relation to transactions cleared by central counterparties.

3. Observations and comments

3.1. General considerations

3.1.1. These proposals should be wholeheartedly welcomed. They further complement and refine the important work done after the crisis to reform the financial sector. They also take account of the fact that banks in Europe will in future continue to play an important role in society, and in particular in financing the economy. Banks have an important role to play as intermediaries in capital markets, and bank loans will remain the main source of funding for households and firms in Europe, especially SMEs. This must not be jeopardised.

3.1.2. The Committee welcomes the holistic and integrated approach taken in the drafting of these proposals, with account being taken of several important societal goals and desirable developments. Adopting this approach when drafting the current proposals without, however, disregarding the principles is a major achievement. The one must not be at the expense of the other.

3.1.3. In a difficult and complex political, social and economic situation, and with a number of major challenges ahead, unifying and reconciling a number of major objectives in various fields creates considerable potential for progress in various areas towards a more sustainable common European future. This balanced approach will also contribute to the continued restoration of confidence.

⁽⁷⁾ NSFR.

⁽⁸⁾ At present, 13 European banking groups would be covered by this measure.

⁽⁹⁾ The term used in the CRR for Global Systemically Important Banks (G-SIBs).

⁽¹⁰⁾ TLAC.

⁽¹¹⁾ Minimum requirement for eligible liabilities and own funds.

3.1.4. The Committee is also pleased that account was taken of the results of the call for evidence ⁽¹²⁾, as this made it possible, on the one hand, to adopt a more harmonious approach and to involve all stakeholders and, on the other hand, to follow a more sophisticated and varied approach, within the framework of the objectives set.

3.1.5. In the Committee's view, it remains crucial that the banking system is resilient and sufficiently capitalised as a prerequisite and basis for the maintenance of financial stability.

3.1.6. No less important are measures to support the economy and its efficient financing, so that economic growth and job creation can receive the greatest possible support.

3.1.7. Also, the risk-reducing nature of these proposals makes them likely to contribute to the further realisation of the Banking Union ⁽¹³⁾ and, in the Committee's view, they constitute a key element that should enable progress to be made on implementing its third pillar, the European Deposit Insurance Scheme. The Banking Union in turn constitutes one of the fundamental pillars of the EMU and its implementation should be pursued promptly. These proposals will also be conducive to establishing the Capital Markets Union ⁽¹⁴⁾, representing further added value.

3.1.8. These proposals are a further step on the road to restoring confidence in the financial sector and the banks, but not the last. The Committee hopes that future steps will be taken in the same spirit. This applies in particular to issues currently being discussed ⁽¹⁵⁾, inter alia in connection with the finalisation of the Basel III framework ⁽¹⁶⁾, and where results are expected within a relatively short timeframe. At all events, the important thing is to further reduce risk in the sector without disproportionately affecting the European banking sector.

3.1.9. In addition, it is also important to bear in mind the international context, particularly as some agreements on the global reform of the financial sector appear to be interpreted differently and/or less strictly by non-European partners. The comprehensive reform agenda agreed at G20 level after the financial crisis must not be compromised or lead to excessive differences or fragmentation globally, to the detriment of EU-established institutions.

3.1.10. It is important that these proposals provide the financial sector and stakeholders with sufficient clarity and certainty. A correctly remunerated, diversified sector, operating in a single European area, must also be in a position to tackle other challenges, such as those linked to technological and digital developments, low interest rates and a number of other problems that have arisen in the aftermath of the crisis, such as non-performing loans ⁽¹⁷⁾ in some countries.

3.1.11. Finally, the Committee reiterates its previously expressed view that shadow banking should not be left out and allowed to remain unregulated. The potential risks of this should be brought under control and supervision, in order to strengthen financial stability. At the same time, a level playing field must be ensured for and between all those who are active in the financial environment.

3.2. *The prudential framework and the relevant proposed measures*

3.2.1. The Committee welcomes the attention paid to the prudential framework and the steps being taken to further complement and strengthen it by means of the various ratios and other measures provided for in the current proposals. These proposals can expect a warm reception, particularly as a nuanced approach is being taken, ensuring, for example, that the financing of the economy is not unduly hampered.

3.2.2. The Committee welcomes the increased attention for the role of the regulators and supervisors in this environment, and the intention to give them additional opportunities and to achieve more and better harmonisation of rules and practices. This is important not only in order to avoid excessive disparities in the treatment of banks, but also from the point of view of broader application of the principle of proportionality.

⁽¹²⁾ COM(2016) 855 final.

⁽¹³⁾ OJ C 177, 18.5.2016, p. 21.

⁽¹⁴⁾ OJ C 133, 14.4.2016, p. 17.

⁽¹⁵⁾ This includes work relating to operational and credit risk and the internal models of the banks. Another ongoing process under the Basel framework is the development of sovereign risk standards. This should also be a particular focus at international and European levels.

⁽¹⁶⁾ Also known as Basel IV measures.

⁽¹⁷⁾ OJ C 133, 14.4.2016, p. 17.

3.3. *The resolution framework*

3.3.1. In line with its previous opinions, the Committee is pleased to see that the 'too big to fail' issue has been addressed in the new proposals. The introduction of TLAC for European G-SIIs within the framework of MREL, with a generally applicable⁽¹⁸⁾ and an individualised⁽¹⁹⁾ part, simultaneously allows a harmonised and a tailor-made approach.

3.3.2. But this must be taken further. As previously stated⁽²⁰⁾, the agenda for the coming years must also (continue to) focus on full implementation of Basel III, on the Financial Stability Board (FSB) and on finding a solution for 'too-big-to-fail' banks in line with international agreements (G-20). The goal must remain to strengthen the stability and resilience of the financial sector and, at the same time, to prevent any future recurrence of the need to draw on public funds in order to rescue banks. Furthermore, in order to facilitate the implementation of the resolution mechanism, further work should be done on exploring how the high level of bank sovereign debt holdings can be reduced⁽²¹⁾. This would also be conducive to completing the implementation of the Banking Union⁽²²⁾.

3.3.3. The Committee also particularly welcomes the Commission proposal to increase the harmonisation of the hierarchy of creditors in the application of the bail-in regime by creating a new asset class, in order to provide for a level playing field between the different Member States⁽²³⁾.

3.4. *The measures for improving the financing of the real economy and SMEs in particular*

3.4.1. Of course, it is very positive that the various planned measures have been scrutinised from the perspective of their effect on the financing of the real economy. And that the necessary steps have been taken to improve the lending capacity of banks.

3.4.2. The Committee is particularly pleased that a great deal of attention has been paid to lending to SMEs, which remain the backbone of the European economy. They ensure investment and jobs.

3.4.3. That applies in particular to the consolidation and further expansion of the SME supporting factor. The Committee urges that the possibility be carefully examined of applying this factor more broadly, in the interests of maximising lending and of SMEs. In the same vein, the Committee requests that the Commission make extra efforts to strengthen the economies of the Member States that are most weakened by the economic crisis.

3.4.4. The Committee also believes that concurrent efforts should be made for the benefit of the social economy and those that operate in it. In particular, work could be carried out on a 'supporting factor for social enterprises'.

3.5. *Further development of a Capital Markets Union*

3.5.1. Although not their main component, the Committee welcomes the focus in the current proposals on the further development of the Capital Markets Union.

3.5.2. In line with its previous opinions on this subject⁽²⁴⁾, the Committee believes that the regulatory and supervisory framework should help to fully develop the strengths of capital markets and to keep their weaknesses in check, such as excessive or disproportionate risk-taking. The new system should be resilient to the adverse effects of any new crises. That also requires greater convergence and cooperation in the area of micro- and macro-prudential supervision, at both EU and national levels.

3.6. *Proportionality and reduction of administrative costs*

3.6.1. First, the EESC wishes to reaffirm the fundamental importance of the need for a diversified banking landscape⁽²⁵⁾. This is not only conducive to stability, but is also the best way of meeting the needs of all, whether savers, investors, consumers or entrepreneurs.

⁽¹⁸⁾ Pillar 1 MREL requirement.

⁽¹⁹⁾ Pillar 2 MREL add-on requirement.

⁽²⁰⁾ OJ C 451, 16.12.2014, p. 10.

⁽²¹⁾ See, inter alia, https://ec.europa.eu/epsc/publications/five-presidents-report-series/further-risk-reduction-banking-union_en

⁽²²⁾ OJ C 271, 19.9.2013, p. 8.

⁽²³⁾ See EESC opinion ECO/429 Banking reform — Creditor hierarchy in insolvency. Not yet published.

⁽²⁴⁾ OJ C 133, 14.4.2016, p. 17.

⁽²⁵⁾ OJ C 251, 31.7.2015, p. 7.

3.6.2. The Committee is very pleased that the principle of proportionality, which it has in the past identified as the main problem for small and non-complex banks ⁽²⁶⁾, is the subject of a number of provisions in the current proposals.

3.6.3. The Committee is of the view that the situation of these banks has not been sufficiently taken into account. The current proposals take insufficient account of the specific nature and possibilities of this type of institution.

3.6.4. Rather than the current fragmented and limited approach, the Committee believes that a more structured and comprehensive approach to the proportionality principle is crucial here.

3.6.5. More specifically, the principle of proportionality should not only be based on the size of the institutions concerned but also take into account: (i) the specific features of the various business models, (ii) the various institutional forms these banks have adopted and (iii) the specific objectives pursued by the various financial institutions operating in the market.

3.6.6. No excessively heavy obligations or burdens should be imposed on these institutions. However, more flexibility would be appropriate with regard to certain specific aspects such as reporting obligations. Careful consideration should be given to additional provisions that aim to reduce their administrative burden.

3.6.7. Furthermore, there should be a level playing field for all such institutions regardless of their legal form.

3.6.8. More generally, with due regard to the principles outlined, and provided that the regulators and supervisors are able, where necessary, to act quickly and appropriately, the Committee would like to see the proportionality principle applied to the full extent, both in terms of the number of institutions that can benefit from it, and of the areas and matters to which it is applied.

4. Specific comments

4.1. Considering the importance of the real and effective application of the proposed measures, the financial institutions must be allowed sufficient time for the implementation of the new rules. This requires rapid drafting of the technical and implementing standards by the European Banking Authority, or an implementation period that starts to run only once all the details of the rules have been drawn up by these authorities.

4.2. In order to prevent and counteract the possible negative impact on the financing of the real economy that may result from the new IFRS 9 coming into force ⁽²⁷⁾, the Committee advocates that the legislative transition measures envisaged relating to this new international accounting standard be finalised swiftly.

Brussels, 30 March 2017.

The President
of the European Economic and Social Committee
Georges DASSIS

⁽²⁶⁾ OJ C 251, 31.7.2015, p. 7.

⁽²⁷⁾ Commission Regulation (EU) 2016/2067 of 22 November 2016 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard (IFRS) 9 (OJ L 323, 29.11.2016, p. 1).

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 — Call for Evidence — EU regulatory framework for financial services’

[COM(2016) 855 final]

(2017/C 209/07)

Rapporteur: **Milena ANGELOVA**

Consultation	Commission, 23.11.2016
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Economic and Monetary Union and Economic and Social Cohesion
Adopted in section	8.3.2017
Adopted at plenary	29.3.2017
Plenary session No	524
Outcome of vote	226/4/5
(for/against/abstentions)	

1. Conclusions and recommendations

1.1. The European Economic and Social Committee (EESC) welcomes the introduction for the first time of the call for evidence as an innovative, informative and useful instrument for assessing the impact of legislative initiatives at EU level and hopes that it will become common practice in the future.

1.2. The EESC supports the conclusion of the call of evidence, which stresses that overall the fundamental principles of the recent financial reforms cannot be disputed and that the new rules have enhanced the stability and resilience of the financial system. The EESC underlines the importance of the EU Regulatory Framework for Financial Services in speeding up the completion of a Capital Markets Union (CMU).

1.3. In terms of proportionality, the EESC welcomes the approach of putting the reform in the context of the wider aim of better balancing financial stability and growth objectives. It urges the Member States not to impose unnecessary burdens and restrictions when transposing EU rules. It reminds both EU and national legislators that reasonable terms for the new legislation to enter into force and into application should be planned so as to allow all the stakeholders to adapt.

1.4. The EESC recommends that, particularly regarding the regulatory framework for financial services, aspects of transposition that are at the discretion of the Member States should be strictly monitored and relevant controls on implementation should be put in place in order to ensure a level playing field and to promote the further development of the CMU.

1.5. The EESC agrees that banks need to be the focus of special attention since they provide important services of general interest to the general public and are the main source of funding for SMEs. The EU financial system is dominated by universal banks, which makes the task of legislators very difficult, since business freedom and risk-taking in this sector always have to be balanced very carefully with the need for stability.

1.6. The EESC therefore calls on European decision makers to accelerate the structural reform of the EU banking sector including by resolving this aspect of the Commission's legislative proposal ⁽¹⁾, which currently is at a stalemate in the codecision procedure. The EESC recalls that legislation is not always the most appropriate policy response and invites the Commission to opt for non-legislative and market-based solutions whenever possible.

⁽¹⁾ Proposal for a Regulation of the European Parliament and of the Council on structural measures improving the resilience of EU credit institutions [COM(2014) 43 final].

2. General comments

2.1. The EESC welcomes the European Commission's efforts to call for evidence before introducing regulatory proposals in the area of financial services and recommends that this should become common practice in the legislative process. It is the first time that this approach is being taken and the EESC believes that it should be regarded as good practice which must be followed in the future. The EESC also appreciates the fact that this approach is also firmly supported by the European Parliament ⁽²⁾.

2.2. The EESC praises the fact that, by calling for evidence, the Commission is taking its regulation methodology a step further by looking across the entire body of financial services regulation and assessing how individual pieces of legislation interact. It invites the Commission to consider a wider use of this approach in its future legislative initiatives. Such an approach is in line with the REFIT ⁽³⁾ programme and the Better Regulation agenda ⁽⁴⁾.

2.3. The EESC welcomes the Commission's efforts regarding the role of legislators to create a proper basis for developing the banking sector (and, more widely, the financial sector) in order for it to be able to perform its important and irreplaceable functions in supporting sustainable economic growth and job creation.

2.4. In order to effectively build on the achievements already made and not lose momentum, the EESC encourages the Commission to analyse further and in depth the examples gathered of inconsistencies, overlaps and unintended interactions between different pieces of legislation.

2.5. In view of the pressing need to restore and to promote growth in the EU, the EESC encourages moves towards achieving the prudential objectives in a more growth-friendly way. Since bank credit is still the main source of financing for the great majority of EU businesses and especially for SMEs, the main priority when designing the new rules should be to avoid impeding the flow of finance to the economy.

2.6. In terms of proportionality, the EESC welcomes the approach of putting the reform in the context of the wider aim of better balancing financial stability and growth objectives. The EESC stresses that efforts should be made to ensure that this principle is followed at Member State level too, and that the Member States do not impose unnecessary burdens and restrictions when transposing EU rules. This endeavour is in line with efforts to remove the burden stemming from duplication and inconsistencies between the various individual requirements. The need for harmonisation should be balanced with the need to recognise diversity, ensure proportionate regulation and encourage the appropriate use of discretion.

2.7. The EESC invites the Commission, when drafting proposals for directives, to take into account the fact that the Member States transpose directives differently. Some countries transpose too strictly and literally, thereby removing the intended flexibility from the directive and often self-imposing much stricter conditions upon their domestic industry than other countries. Other countries exercise discretion and do little in the spirit of the relevant legislation. This leads to an uneven playing-field and therefore defeats one of the prime purposes of the legislation. This is why the EESC suggests that there should be very close monitoring of diversity in transposition and appropriate controls on the way in which legislation is implemented.

2.8. The EESC supports in principle the follow-up measures proposed by the Commission in its Communication ⁽⁵⁾ and invites the Commission to submit the corresponding legislative acts, when they are ready, for broad consultation with stakeholders in the relevant sectors.

⁽²⁾ <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P8-TA-2016-0006&language=EN>.

⁽³⁾ http://ec.europa.eu/info/law-making-process/evaluating-and-improving-existing-laws/refit-making-eu-law-simpler-and-less_en.

⁽⁴⁾ *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Better regulation for better results — An EU agenda* [COM(2015) 215 final].

⁽⁵⁾ *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Call for Evidence — EU regulatory framework for financial services* [COM(2016) 855 final].

2.9. As part of its additional follow-up, the Commission should take into account the fact that in many cases transposition deadlines in the area of financial services are linked to the adoption of the framework legislation (Level 1). However, to ensure proper implementation, the specifics of the detailed implementing measures (Level 2) are also required. As a result, transposition deadlines which are linked to Level 1 legislation are often too short. This requires transposition deadlines to be linked to the adoption of the final detailed implementing measures (Level 2). The EESC welcomes the fact that the Commission is working with the Member States to devise a Transposition Roadmap, and would like to follow developments closely.

3. General comments on the follow-up actions

3.1. *Reducing unnecessary regulatory constraints on financing the economy*

3.1.1. The EESC welcomes the proposed adjustments in key areas of the Capital Requirements Regulation (CRR2 package) so as to safeguard banks' capacity to finance the economy ⁽⁶⁾.

3.1.1.1. The EESC regards as highly appropriate the idea of adjusting the leverage ratio in order to reflect the diversity of the EU financial sector and safeguard access to clearing and public development funding.

3.1.1.2. The EESC welcomes the proposal to phase in and fine-tune the net stable funding ratio so as to ensure the proper functioning of EU trade finance activities, derivative markets and the market in repurchase agreements.

3.1.2. SMEs across Europe still consider bank credit as their primary source of financing ⁽⁷⁾. The EESC appreciates the Commission's intention to widen the application of the SME Supporting Factor to loans larger than EUR 1,5 m ⁽⁸⁾. At the same time, it calls on the Commission to put special emphasis on assessing the sufficiency of bank funding and to take steps to target bank funding more effectively so that it meets the specific needs of SMEs, depending on their different risk profiles, stages of development, industry location, etc. The EESC also suggests that the Commission could consider the possibility of applying the SME Supporting Factor to potential increases in own funds requirements in cases of countercyclical or systemic risks, since lending to SMEs might otherwise be restricted.

3.1.3. The EESC would welcome a considerable reduction in the debt bias in order to enhance economic resilience and capital allocation, thus making equity more attractive to issuers and investors.

3.1.4. With a view to creating a Capital Markets Union ⁽⁹⁾, the EESC underlines that companies should have access to different market types across the EU depending on their size, scope of operation and specific characteristics.

3.1.5. The EU regulatory framework for financial services is an indispensable opportunity to better address the need for diversity in investor and consumer choices and to create an environment that will stimulate innovation in financial product.

3.2. *Enhancing the proportionality of rules without compromising prudential objectives*

3.2.1. The EESC stresses the need to press ahead, step-by-step, with the completion of the banking union and notes that full and timely implementation of legislation is required in this regard.

3.2.2. The EESC calls on the Commission to continue its efforts to complete the regulation on Bank Structural Reform. The Committee underlines the need to streamline the content and frequency of reporting requirements and to examine what data are actually needed, to align templates and provide simplification, and to ensure exemptions for SMEs whenever possible.

⁽⁶⁾ COM(2016) 850 final.

⁽⁷⁾ EESC Information report on the *Access to finance for SMEs and midcaps in the period 2014–2020: opportunities and challenges*.

⁽⁸⁾ Capital Requirements Regulation (CCR), Article 501 (OJ L 176, 27.6.2013, p. 1).

⁽⁹⁾ OJ C 383, 17.11.2015, p. 64.

3.2.3. The EESC invites the Commission, when reviewing EMIR (European Market Infrastructure Regulation), to examine the effect that lowering the quality of collateral accepted by central counterparties (CCPs) could have on their resilience and to consider whether certain market participants, such as pension funds, could be permanently exempt from central clearing should their participation reduce the stability of the overall financial system owing to alternative non-cash collateral being accepted.

3.2.4. In line with the proportionality principle, the EESC suggests that:

- rather than simply reducing the frequency of required reports, in general small banks and other small financial institutions up to a certain threshold should not be subject to certain reporting requirements. Otherwise, the regulatory costs for small institutions may create market distortions favouring particular forms of organisation and large businesses;
- small banks and, more generally, small financial institutions should not be overburdened with administrative requirements as long as they follow certain standards. These standards should be strictly supervised otherwise there will be a loss of confidence.

3.3. *Reducing undue regulatory burden*

3.3.1. The EESC firmly believes that the successful completion of the CMU should enable EU companies of all sizes, sectors and lifecycle stages to access the EU capital market in a user-friendly, straightforward and affordable manner. The EESC is hoping for an efficient Level 2 legislative act to accompany the Prospectus Directive, which should promote listing, especially of SMEs, and will create a more favourable regime for fund raising.

3.3.2. While acknowledging that national supervisors are better informed about local market characteristics, the EESC warns that this should by no means be an excuse for excessive regulation and that the requirements at national level should not be stricter than the EU legislative provisions.

3.3.3. The EESC expresses its concern about the growing complexity of legislation, which is reflected in the increased amount, detail and number of layers of regulation and supervision at all levels — international, EU and national. It acknowledges, of course, that financial markets are very complex, and thus require more complex regulation, but warns that this could negatively affect investments. The EESC considers that legislation is not always the most appropriate policy response and invites the Commission to opt for non-legislative and market-based solutions whenever possible.

3.4. *Making the regulatory framework more consistent and forward-looking*

3.4.1. The EESC would welcome a risk-based approach to regulation, with the same rules being applied to the same risk. It points in this regard to the benefits of asset diversification — both in terms of asset class and asset origin — as a way of allowing better risk diversification and matching investors' needs.

3.4.2. The EESC points to the need for swift implementation at EU level of initiatives promoting more and better financial education ⁽¹⁰⁾, which should take into account the specific needs of each Member State. Special emphasis on SMEs is needed, including how to better use the opportunities offered by capital markets.

3.4.3. Intermediaries, especially business associations, have a very important role to play in channelling funding to the real economy as well as to well-developed local ecosystems.

3.4.4. In line with the conclusions in a previous opinion ⁽¹¹⁾, the EESC stresses that the consultation on the Financial Retail Services was too broadly based and suggests a more focused approach for the anticipated Retail Financial Services Action Plan in order to make for more tangible results. The EESC also believes that this Action Plan should be prepared with a strong focus on consumer protection.

⁽¹⁰⁾ OJ C 318, 29.10.2011, p. 24.

⁽¹¹⁾ OJ C 264, 20.7.2016, p. 35.

3.4.5. The EESC fully supports the priority given to taking account of technological development when designing the future rules. However, it urges the Commission in this endeavour to also be cautious about the threats to cyber-security. It underlines that an integrated approach to completing the CMU should focus on the development of the digital single market and ongoing reforms in the area of company law and corporate governance.

3.4.6. The EESC suggests that, as part of the follow-up measures, a further revision of the Transparency Directive should be included, focusing on the notification of major holdings. These notifications differ from one Member State to another and sometimes even from one listed company to another. This is an unnecessary burden for investors and should be avoided through full harmonisation, since it is an impediment for the development of a Capital Markets Union.

3.4.7. More generally, cross-border investment is hampered by the fact that investors have to take into account 28 separate regulatory regimes when investing in listed companies which have their registered office in one of the 28 Member States. Detailed regulations — instead of directives — would represent an important step towards creating a Capital Markets Union. Regulations should be complemented by European supervision and enforcement.

4. Next steps

4.1. The EESC encourages the full inclusion of non-euro Member States in the Banking Union.

4.2. In line with the conclusions of its recent opinion ⁽¹²⁾, the EESC stresses that the review of the Prospectus Directive should be geared towards reducing costs and simplifying procedures for SMEs, while striking the right balance in terms of investor protection. The EESC underlines that impact assessment and cost-benefit analysis should include thorough evaluations of the impact of Level 2 measures, which form a significant part of the EU financial regulation framework.

4.3. The EESC invites the Commission and the relevant supervising authorities to address the interaction between International Financial Reporting Standards and prudential requirements and to review the impact of tax accounting on own funds.

4.4. At the same time, the EESC would like to draw the Commission's attention to the fact that sometimes regulations change so often that this creates confusion, making it very difficult or even impossible for institutions and individuals to comply. Proper timing is needed for adjusting procedures and forms and the Commission should therefore allow for a time lapse before introducing new changes.

4.5. The Commission needs to ensure that enough time is scheduled for the proper implementation of legislation at national level even when the European Supervisory Authority are consulted in the process of drawing up Level 2 legislation. Otherwise implementation deadlines must either be extended (as is the case with Packaged Retail and Insurance-based Investment Products — PRIIPs) or, in the worst case scenario, too little time will be left for enterprises and their employees to familiarise themselves with the new legislation before having to comply with it.

4.6. The EESC firmly believes that, together with regulatory efforts, a change both in terms of culture and behaviour is needed in the financial sector and to this end invites all stakeholders to make constant efforts to achieve better compliance, more responsive and transparent management, and more long-term orientation of all market participants.

4.7. With a view to stimulating competition in a highly-concentrated market, the EESC would like to see the promotion of additional rating providers. This should also help decrease the excessive costs faced by SMEs when obtaining an external credit rating and the EESC also invites the Commission to explore further how SMEs could be rated in a comparable and affordable way.

4.8. In order to ensure swift and efficient implementation, and in line with the priorities in the Commission's 2017 Work Programme ⁽¹³⁾, the EESC recommends that steps be taken guaranteeing that Member States are fully committed to respecting the deadlines for transposing directives and for ensuring they are implemented in full.

⁽¹²⁾ OJ C 177, 18.5.2016, p. 9.

⁽¹³⁾ COM(2016) 710 final.

4.9. In line with the better regulation initiative, the EESC invites the Commission to facilitate the early involvement of all relevant stakeholders, including expert groups and consultative bodies, so as to ensure balanced participation in the consultations by reflecting the diversity of the stakeholders.

Brussels, 29 March 2017.

*The President
of the European Economic and Social Committee*
Georges DASSIS

Opinion of the European Economic and Social Committee on the

‘Proposal for a Regulation of the European Parliament and of the Council establishing the European Foundation for the improvement of living and working conditions (Eurofound), and repealing Council Regulation (EEC) No 1365/75’

(COM(2016) 531 final — 2016/256 (COD))

on the

‘Proposal for a Regulation of the European Parliament and of the Council establishing a European Centre for the Development of Vocational Training (Cedefop) and repealing Regulation (EEC) No 337/75 of the Council’

(COM(2016) 532 final — 2016/257 (COD))

and on the

‘Proposal for a Regulation of the European Parliament and of the Council establishing the European Agency for Safety and Health at Work (EU-OSHA), and repealing Council Regulation (EC) No 2062/94’

(COM(2016) 528 final — 2016/254 (COD))

(2017/C 209/08)

Rapporteur: **Christa SCHWENG (AT/I)**

Co-rapporteur: **Giulia BARBUCCI (IT/II)**

Consultation	Council of the European Union, 8.9.2016
Legal basis	Article 173(3) of the Treaty on the Functioning of the European Union
Section responsible	Employment, Social Affairs and Citizenship
Adopted in section	7.3.2017
Adopted at plenary	30.3.2017
Plenary session No	524
Outcome of vote	168/0/0
(for/against/abstentions)	

1. Conclusions

1.1. The EESC takes note of the proposal for revision of the founding regulations for the three agencies Cedefop, EUROFOUND and EU-OSHA. The Committee warmly welcomes the fact that the balanced, tripartite structure of the management board — contrary to the proposals in the common approach — is to be maintained. Tripartism is the expression of an inclusive approach, which respects the importance of the role of the social partners in seeking joint solutions.

1.2. The overall objectives of the three agencies should be uniformly and more comprehensively defined as to ‘support the needs of all EU institutions and bodies, Member States and Social Partners’.

1.3. The EESC advocates that the powers relating to staff appointments and to alter the internal structures of the respective agency should stay with the director. Only in exceptional circumstances, when the director is not able to carry out the functions of the appointing authority, the board should decide that this competence is shifted to another senior staff member.

1.4. The EESC is against the reduction of the number of members of the executive board as this will disadvantage the interest group who currently holds the post of chair, as they will have no other spokesperson in the executive board. In addition, a broader representation in the executive board facilitates more informed discussions.

1.5. The EESC welcomes the standardised approach to the nomination of the executive director, which is along the same lines as that of the EU-OSHA.

1.6. The EESC is convinced that the post of a deputy director has proven to be useful and should be retained where it exists. Given that the different existing practices work well, the Committee requires a certain flexibility for the three agencies. The final decision about the post of deputy director should be left to the management board.

1.7. The EESC is of the opinion that establishing contacts and cooperation with third countries and international organisations should only require approval by the Management Board, in which the Commission is represented.

2. Background

2.1. The founding regulations of the three agencies — Eurofound, Cedefop and the EU-OSHA — will, through these proposed regulations, be aligned on the common approach on decentralised agencies. This approach was adopted by the European Parliament, the Council of the European Union and the European Commission in 2012 and is to serve as the basis for a certain amount of standardisation in the consistency, efficiency, accountability and transparency of the European agencies. According to the common approach, the agencies ‘contribute to the implementation of important Union policies, thus helping all the institutions, in particular the Commission, to concentrate on core policy-making tasks. Agencies also have a role in supporting the decision-making process by pooling the technical or specialist expertise available at European and national level and thereby help enhance the cooperation between Member States and the EU in important policy areas.’ Unlike the other EU agencies, the three agencies in question here share a tradition of tripartite governance, whereby representatives of governments, workers and employers from each Member State are institutionally included in the governance of the agencies. By anchoring the work of the agencies so firmly in the realities of the Member States, the topical and political relevance of their work is ensured. The current task of aligning the founding regulations of the three agencies offers an opportunity to identify and underscore the specific tripartite governance mechanisms which have evolved over time in each agency, and to ensure the continuation of established good practice.

2.2. An evaluation of all the European agencies preceded publication of this common approach.

3. Gist of the draft proposals

3.1. TEEC Article 235 (now TFEU Article 352) was the legal basis for all three agencies, which needed updating because of an ECJ ruling. Eurofound and the EU-OSHA were based on TFEU Article 153(2)(a) and Cedefop on TFEU Articles 166(4), 165(4) and 149.

3.2. None of the three agencies have received new tasks through the change to the regulations, but the tasks of all of them have been adjusted to current circumstances and outdated concepts have been brought up to date.

3.3. Horizontal provisions

3.3.1. Common to the three agencies is the fact that the management board not only includes representatives of all the Member States and the European Commission, but also 28 representatives of national employers’ and employees’ organisations. Tripartism is the expression of an inclusive approach, which respects the importance of the role of the social partners in seeking joint solutions. The common approach stipulated that the number of representatives from employers’ and employees’ organisations be drastically reduced. This gave rise to misgivings on the part of European and national social partner organisations and the original structure was maintained.

3.3.2. Members of the management board are appointed by the Council for four years. Alongside expertise in the agencies’ respective areas of work, the members are also to have relevant abilities in the areas of management, administration and the budget. The employers’ and employees’ representatives are appointed by the Council on the basis of proposals from the peak European employers’ and employees’ organisations. An additional criterion for the EU-OSHA has — hitherto — been that they be members of or representatives on the Advisory Committee on Safety and Health at Work.

3.3.3. The tasks of the management board include: adoption of the programming document, budget, annual activity report, financial rules, anti-fraud strategy, rules on the prevention and management of conflicts of interest, rules of procedure, the communication and dissemination plans, powers relating to staff appointments, appointment of the executive director and the accounting officer, follow-up to OLAF reports and evaluations, decisions relating to the respective agency’s internal structure and working arrangements with third countries and international organisations.

3.3.4. The time periods for the adoption and transmission of annual and multi-annual programming documents are being harmonised.

3.3.5. The chairperson of the management board and the three vice-chairpersons are appointed from amongst the representatives of the government, employer and worker interest groups and the Commission; they are elected by a 2/3 majority for a period of 2 years (hitherto at the EU-OSHA for 1 year). The management board meets once a year and decides by simple majority.

3.3.6. The executive board (previously the bureau) comprises the chairperson of the management board, the three vice-chairpersons, the group coordinators and one representative of the Commission. For Eurofound and the EU-OSHA, this means a reduction in size; hitherto, it has been possible for the board to comprise 11 people.

3.3.7. To date the executive board has had the task of monitoring implementation of the management board's decisions, but with the new regulation it will receive more comprehensive powers: preparing decisions to be adopted by the management board and monitoring OLAF follow-up together with the management board, as well as advising and supporting the director in implementing management board decisions. In urgent situations, the executive boards of the three agencies may take provisional decisions on behalf of the management board in management matters, including appointing authority and budgetary matters.

3.3.8. The directors' tasks have been set out much more precisely in the proposed regulation than in the previous regulations. Also new is the decision as to whether to establish one or more local offices in one or more Member States so as to ensure an agency's tasks are carried out more efficiently. That requires the prior approval of the Commission, the management board and the Member State concerned.

3.3.9. The director is appointed for 5 years by the management board, from a list of candidates proposed by the Commission, by a 2/3 majority. The director's term of office may be renewed once, based on an assessment of his or her performance. This appointment procedure is in keeping with the procedure applying at the EU-OSHA. Cedefop and Eurofound have deputy directors.

3.3.10. The proposed regulations also align the financial provisions, programming provisions and existing reporting provisions on the Commission's Delegated Regulation (EU) No 1271/2013, on the framework financial regulation for agencies.

3.3.11. Each proposal for a regulation also has new standard provisions on legal status, a headquarters agreement, language arrangements, transparency, combating fraud, security rules on classified information, liability, evaluation and cooperation with third countries and international organisations.

4. General comments

4.1. The European Economic and Social Committee (EESC) advocates that common standards for all three tripartite agencies shall be attained by taking into account existing best practice as it has evolved. The rules and governance characteristics should be as similar as possible, yet the specific nature of each agency must be respected. The key features of the tripartite governance structure should be the same for all three agencies, and the modalities for implementing it should be as similar as possible. Issues such as the specific objectives, tasks, and supporting/advisory structures should be specifically defined for each agency.

4.2. The overall objectives of the three agencies should be uniformly and more comprehensively defined as to 'support the needs of all EU institutions and bodies, Member States and Social Partners'.

4.3. The European Economic and Social Committee (EESC) warmly welcomes the fact that the balanced, tripartite structure of the management board — contrary to the proposals in the original proposals for the common approach — is to be maintained. All three agencies have their own responsibilities in areas which are closely linked to the world of work. For this reason, the expertise of employer and employee representatives is indispensable, also to ensure that the work of the agencies adequately reflects the realities for employers and employees, as well as the great variety of experience in the Member States of the Union. The direct involvement of these groups in the management board ensures better cooperation and a sense of ownership. It also makes sure that account is taken of employers' and employees' needs in annual and multi-annual programme planning and that the agencies take these on board when carrying out their tasks.

4.4. Alongside expertise in the agencies' respective areas of work, designation of management board members also has to take into account relevant abilities in the areas of management, administration and the budget. From the EESC's point of view, the key criterion for appointing management board members should still be that they have relevant knowledge in the specific area of the agency's work. Even if certain basic knowledge in the areas of management, administration and the budget makes entire sense, strict interpretation of this condition should not mean that experts in the area covered by the agency not be allowed to participate in the management board's work.

4.5. In the new regulation, the tasks of the management board are to go beyond the traditional supervisory functions relating to the budget and planning, in that the board will also be able to exercise powers relating to staff appointments and alter the internal structures of the agency concerned. The EESC feels that this is traditionally a task for the director, and not in keeping with a supervisory function. It suggests that these powers be removed. However, the EESC recognises, that if, due to exceptional circumstances, the director is not able to carry out the functions of the appointing authority, this competence needs to shift to another senior staff member. This decision should be taken by the board with a majority of two-thirds of the votes cast.

4.6. The chairmanship of the management board of the Bilbao agency is to be extended to two years; this is already the case for the other two agencies. From the EESC's point of view, there should be an allusion to the rotation of the chairmanship between the different interest groups practised by all the agencies. There should also be provision for the chair to be able to be occupied several times by the same person. The EESC cautions that, with a two-year chairmanship, not all the interest groups will be given equal weight in one term of office and therefore suggests that the length of the chairmanship of the management board be kept unchanged which reflects the existing practice in the different agencies.

4.7. It is proposed that the executive board be reduced in size, but that it receives additional tasks; an exhaustive list of these is given. For practical reasons, and above all because the executive board operates between management board meetings, the EESC suggests inserting the term 'for example' before its list of tasks, to point out that the list is indicative. As with the management board, the executive board should not be given powers relating to staff appointments. The EESC views the reduction in size of the executive boards of Eurofound and the EU-OSHA with some scepticism. In particular the interest group which currently holds the post of chair will be disadvantaged, as it will have no other spokesperson in the executive board. The EESC suggests keeping the composition of three members per interest group.

4.8. The formulation of the paragraph on the timing of the programming document is misleading. The EESC asks to clarify that the draft programming document, which consists of a multi-annual part, annual work programme and budget including human resources is adopted by the board and sent to the European Commission, European Parliament and Council of the European Union no later than 31 January. By 30 November the Management Board shall adopt the final programming document.

4.9. The EESC welcomes the standardised approach to the nomination of the executive director, which is along the same lines as that of the EU-OSHA. It would nevertheless suggest that when the Commission is drawing up the short list, observers from all the interest groups be present.

4.10. All three agencies have liaison offices in Brussels. From the EESC's point of view, the way the agencies work does not require any further offices in the Member States. The regulations should therefore make reference to the already existing Brussels offices, but reference to the possibility of setting up other local offices should be removed.

4.11. In keeping with the common approach, the post of deputy director in EUROFOUND is being scrapped. The EESC points to the fact that Cedefop has a deputy director as well, although this is not provided for in the regulation. The EESC is convinced that the post of deputy director has proven to be useful. In particular, it allows for a balance between employer and employee interests to be embedded in the direction of the agencies concerned, which supports social partner involvement as part of tripartism. Given that the different existing practices work well, the Committee requires a certain flexibility for the three agencies. It should be left to the management board to decide whether the post of deputy director is necessary.

4.12. The EESC warmly welcomes the fact that agreements on headquarters are to be concluded with the countries where the respective agencies have their headquarters. All three agencies have already signed such headquarters agreements; this provision will therefore reflect what is already the case.

4.13. According to the draft regulations, evaluations, which have to take place every five years, shall be performed by the Commission. The EESC is convinced that the participation of representatives of the management board will help to better address any possible changes after an evaluation.

4.14. When Agencies establish contacts and cooperation with third countries and international organisations, this requires prior approval by the Commission and is subsequently included in the programming document. The EESC is of the opinion that the approval by the management board, in which the Commission is represented, is already sufficient and no double approval is necessary.

5. Specific comments

5.1. Eurofound

5.1.1. Compared to the current regulation, the reference to the medium and long-term research has been deleted, which could be interpreted as getting rid of the European surveys. Even though they are cost-intensive, they are the flagships of Eurofound, providing not only EU institutions, Member States and Social Partners, but also a host of academic and policy researchers, with unique pan-European comparable data on an extremely rich and wide range of living and working conditions. The EESC appreciates and supports the European surveys as they contribute directly to the further development of the whole European project.

5.1.2. The EESC welcomes the fact that the tasks of the advisory committees, which can be set up and dissolved by the management board, are to be described more precisely.

5.2. Cedefop

5.2.1. The EESC does not agree with the objective set for Cedefop, which states that it is to assist the Commission in shaping and implementing vocational education and training, skills and qualifications policies. The Committee feels that Cedefop's objective should be aligned with those of the other two agencies. The regulation should therefore make it clear that Cedefop's aim is, alongside EU bodies and institutions, to support Member States and social partners in shaping and implementing policy, by providing information and analyses on vocational training, skills and qualifications.

5.2.2. The EESC welcomes the fact that the Commission's proposal reflects the fact that Cedefop has taken on new tasks in the past. Cedefop's current activities go beyond vocational education and training and include work on qualifications, in particular the European Qualifications Framework, on skills analysis and forecasting, and the validation of non-formal and informal learning. The committee, however, emphasises the fact that the focus of Cedefop's activities should remain with vocational education and training, including apprenticeship and work-based learning for all (young and adults) in order to improve their employability.

5.3. EU-OSHA

5.3.1. According to the proposal, the aim of the EU-OSHA is, inter alia, to make legal information available on safety and health at work. The EESC deems this provision to be encroaching on the Commission's sphere of responsibility and is therefore against it.

5.3.2. It warmly welcomes the fact that there is explicit reference in the EU-OSHA regulation to awareness-raising and communication measures, as well as to work protection campaigns. Since the year 2000, the agency has been carrying out two-year information and awareness-raising campaigns on various worker protection themes, thus reaching a wide audience, publicising good, practical solutions.

5.3.3. The agency's information network was set up at the same time the agency was established and is a key element in ensuring that the information made available is both factually correct and actually relevant to what happens in practice. Furthermore, these networks also in effect extend the inclusive European tripartite approach to the national level, thereby bringing together representatives of governments and the Social Partners in ways that have proven very constructive and useful. Involvement of national social partners in this network is therefore of key importance and should be guaranteed by the Member States. The EESC does not however deem it to be realistic for the agency to make changes to a national network selected by Member States in keeping with specific criteria. The management board should, however, be allowed to make recommendations as to membership.

Brussels, 30 March 2017.

The President
of the European Economic and Social Committee
Georges DASSIS

Opinion of the European Economic and Social Committee on the ‘Proposal for a Regulation of the European Parliament and of the Council on the definition, presentation and labelling of spirit drinks, the use of the names of spirit drinks in the presentation and labelling of other foodstuffs and the protection of geographical indications for spirit drinks’

(COM(2016) 750 final — 2016/0392 (COD))

(2017/C 209/09)

Rapporteur: **Peter SCHMIDT**

Consultation	Council, 9.12.2016 European Parliament, 12.12.2016
Legal basis	Articles 43(2), 114(1) and 304 of the Treaty on the Functioning of the European Union
Section responsible	Agriculture, Rural Development and the Environment
Adopted in section	14.3.2017
Adopted at plenary	29.3.2017
Plenary session No	524
Outcome of vote (for/against/abstentions)	211/0/4

1. Conclusions and recommendations

1.1. The EESC welcomes the Commission's initiative to align the current legal framework for spirit drinks with the Treaty on the Functioning of the European Union (TFEU) and to make the legislation consistent with new EU legal instruments, namely as regards the provision of food information to consumers and quality schemes for agricultural products and foodstuffs.

1.2. In particular, the EESC supports the introduction of a stronger link to the agricultural sector. This link is essential for the quality and reputation of the spirit drinks produced in the EU.

1.3. Whilst the EESC generally endorses the adaptations made to ensure alignment with the TFEU and to ease the legislative process, it would be preferable for the balance to be shifted more towards implementing acts rather than delegated acts. In some areas, the ability to derogate should be removed altogether.

1.4. The EESC acknowledges the complexity of the realignment exercise and welcomes the clarification and improvements in areas such as rules related to the labelling of compound terms, allusions and mixture of spirit drinks, as well as the optional labelling for the origin of raw materials. Nevertheless, some other elements have been changed in the proposal that should be reconsidered, as specified later in this opinion.

1.5. On geographical indications (GI), the EESC welcomes the clarification of the GI rules and procedures and the value placed on tradition and local/territorial production.

1.6. The EESC highlights the importance of maintaining the current level of protection for the spirit drinks sector, so as to guarantee that added value and employment stay in Europe. What is important is the place in which the product is distilled and manufactured, and the change of terminology that has been introduced should not imply any major modifications for the sector.

1.7. On presentation and labelling, the Committee suggests some improvements in the current proposal, namely as regards the importance of avoiding any kind of misrepresentation or misunderstanding in relation to ‘imitation flavours’, which could be deceptive for consumers.

1.8. Although this is not within the specific scope of the Commission proposal, the EESC reiterates its previous recommendations on the need for a consistent and comprehensive policy approach based on avoiding harmful alcohol consumption, as well as on the promotion of responsible drinking that avoids health risks and under-age drinking — not only for the spirits sector, but also more generally. Information, education and awareness-raising are crucial in this respect, and the EESC welcomes the numerous public and private sector initiatives in this context.

2. Introduction

2.1. With the proposed regulation, the Commission aims to align the existing Regulation (EC) No 110/2008 ⁽¹⁾ on spirit drinks with the Treaty on the Functioning of the European Union (TFEU). Principally, it divides the provisions adopted by the Commission under the latter regulation into delegated acts and implementing acts, and introduces an agricultural legal basis ⁽²⁾ to emphasise a stronger link with the agricultural sector.

2.2. Besides alignment with the TFEU, the proposal introduces only a few minor technical amendments, in order to address shortcomings in the implementation of Regulation (EC) No 110/2008 and to make the legislation consistent with new EU legal instruments, namely as regards the provision of food information to consumers (Regulation (EU) No 1169/2011 ⁽³⁾) and quality schemes for agricultural products and foodstuffs (Regulation (EU) No 1151/2012 ⁽⁴⁾).

2.3. In particular, the proposal clarifies some labelling rules for compound terms, allusions and mixtures of spirit drinks that aim to avoid internal market problems. It also includes a new article on the indication of origin and introduces clearer procedures for the registration of geographical indications based on Regulation (EU) No 1151/2012.

3. General comments

3.1. The EESC welcomes the Commission's proposal to ensure legal alignment of the existing Regulation (EC) No 110/2008 on spirit drinks with the TFEU and to make the legislation consistent with new EU legal instruments. The proposed framework generally provides clarification and consistency with regard to rules for the spirits sector.

3.2. The EESC notes that the associations of spirit drinks producers were consulted by the Commission. The spirit drinks sector in the EU, with sales abroad worth over EUR 10 billion in 2015, is part of the agri-food sector, which is the largest export sector of the European Union. The sector is responsible for a million jobs in production and sales in Europe and enjoys a close economic and social relationship with the farming sector. Excise tax and VAT revenue from spirits bring in about EUR 23 billion per year. However, spirits consumption fell by 32 % between 1980 and 2014. This is mirrored in the separate trends of 'premiumisation', and drinking 'less but better'. Between 2000 and 2015, for example, on-trade sales (hotels, restaurants, cafés) fell by 8 % to 23,5 million hectolitres of spirit, but value increased by 30 %.

3.3. Although the Commission proposal mainly aims to ensure legal alignment with the TFEU, it also represents an opportunity for the spirits sector to maintain quality and traditional practices as well as to protect its reputation at global level. In particular, the proposal provides clarity on how each drink is made: raw materials, minimum strength for marketing, maximum distillation strength, maturation periods, sweetening requirements, etc. The differentiation between categories of spirit drinks helps protect the various traditions.

3.4. The EESC underlines the importance of reinforcing the link with the agricultural sector. Only agricultural raw materials should be permitted for the production of spirit drinks, which would also ensure an outlet for basic agricultural products.

⁽¹⁾ Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89 (OJ L 39, 13.2.2008, p. 16).

⁽²⁾ Article 43(2) TFEU.

⁽³⁾ Regulation (EU) No 1169/2011 of the European Parliament and of the Council of 25 October 2011 on the provision of food information to consumers, amending Regulations (EC) No 1924/2006 and (EC) No 1925/2006 of the European Parliament and of the Council, and repealing Commission Directive 87/250/EEC, Council Directive 90/496/EEC, Commission Directive 1999/10/EC, Directive 2000/13/EC of the European Parliament and of the Council, Commission Directives 2002/67/EC and 2008/5/EC and Commission Regulation (EC) No 608/2004 (OJ L 304, 22.11.2011, p. 18).

⁽⁴⁾ Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs (OJ L 343, 14.12.2012, p. 1).

3.5. The adaptations made so as to ensure alignment with the TFEU and to ease the legislative process are generally positive. However, it would be more appropriate for the balance to be shifted more towards implementing acts rather than delegated acts. In some areas, the ability to derogate should be removed altogether, especially if this implies major changes. For example, the Commission seeks powers (Article 16(3)) to draw up delegated acts to permit the name of a registered geographical indication to be given in the language of an export market where such information is mandatory, i.e. where spirits could not enter the market without this information. The current EU regulation, however, already allows producers to do this, but this has been removed from the alignment text. The current ability should be reinstated, in which case there is no need for delegation of powers.

3.6. For spirits producers, one of the main concerns is to preserve traditionality and the geographical indication (GI) system for spirits. The EESC generally welcomes the clarification of the GI rules as they apply to spirit drinks.

3.7. Although this is not within the specific scope of the Commission proposal, the EESC reiterates its previous recommendations on the need for a consistent and comprehensive policy approach⁽⁵⁾ based on avoiding harmful alcohol consumption, as well as on the promotion of responsible drinking that avoids health risks and under-age drinking — not only for the spirits sector but also more generally. Information, education and awareness-raising are crucial in this respect. The EESC notes that the private sector is engaged in many initiatives and social programmes across the EU, showing that it is possible to reduce alcohol abuse, especially among young people⁽⁶⁾.

3.8. The issue of ingredient listing and nutritional information on spirits labels is not included in this Commission proposal. However, the EESC reiterates that consumers are entitled to receive truthful and balanced information about alcoholic drinks to help them make informed decisions about their consumption⁽⁷⁾. The micro and small producers would need support to apply the rules. The Committee looks forward to contributing to the ongoing discussion opened by the recent Commission report⁽⁸⁾ on this topic.

4. Specific comments

4.1. The EESC acknowledges the complexity of the realignment exercise, and welcomes the clarification and improvements in areas such as rules related to the labelling of compound terms, allusions and mixtures of spirit drinks, as well as the optional labelling for the origin of raw materials. Nevertheless, some other elements have been changed in the proposal that should be reconsidered, for example:

- The replacement of all 'and/or' wording with different expressions should not lead to any kind of misinterpretation and confusion. The EESC therefore proposes to use a recital to underline that all 'and/or' expressions have been replaced with expressions of equivalent meaning and that the Commission did not intend to alter the sense of the provisions of Regulation (EU) No 110/2008;
- The definition of production practice and flavouring needs to be clarified;
- The term 'technical file' has been replaced by the term 'product specification' to harmonise the rules in the four GI sectors (foodstuffs, wine, spirit drinks and aromatised wines). However, in order to avoid any kind of misinterpretation, a recital should be added to clarify the equivalence of the two terms.

4.2. Article 8(5) of the Commission proposal specifies that the sales denominations supplemented by the term 'flavour' (or any other similar terms) may be used to refer to flavourings that imitate a spirit drink or their use in the production of a foodstuff other than a beverage. The Committee considers that this provision could be misleading for consumers.

⁽⁵⁾ OJ C 318, 23.12.2009, p. 10.

⁽⁶⁾ See for example: HBSC (Health Behaviour in School-aged Children, 11-13-15 years old) — summary of key findings of the last HBSC study published in 2016: <http://spirits.eu/files/98/cp.as-095-2016-hbhc-survey-2016-key-messages-final.pdf>; ESPAD (the European School Survey Project on Alcohol and Other Drugs, 15-16 years old). The ESPAD study shows 86 % of European students are now reporting 'not having been drunk' in the last 30 days. This is a 23 % decline in the level of intoxication (since 2003). The frequency of heavy episodic drinking has decreased by 28 % since its peak in 2007 (18 % in 2007 down to 13 % in 2015). These positive trends can be observed for both boys and girls.

⁽⁷⁾ OJ C 332, 8.10.2015, p. 28.

⁽⁸⁾ Report from the Commission to the EP and the Council regarding the mandatory labelling of the list of ingredients and the nutrition declaration of alcoholic beverages, COM(2017) 58 final — 13.3.2017.

4.3. Both to keep the value added for producers and to protect consumers' interests, the EESC stresses the importance of keeping the current level of protection for the spirit drinks sector when referring to the 'place of manufacture' versus the 'place of origin'. The new terminology should not imply any major changes for the spirits sector, the critical point being the place in which the product is distilled and manufactured.

4.4. Member States are responsible for monitoring the unlawful use of protected geographical indications and the Commission should be informed of the application of the rules in Member States, thus providing a suitable framework to allow fake spirits to be removed from the market.

4.5. The opposition procedure that allows interested parties to reach an agreement is welcome, as this procedure is less burdensome without affecting the results.

4.6. The Register of Geographical Indications of spirit drinks that replaces Annex III should be seen as a way to modernise the model, without affecting the rights, obligations or transparency of the system.

Brussels, 29 March 2017.

The President
of the European Economic and Social Committee
Georges DASSIS

Opinion of the European Economic and Social Committee on the ‘Proposal for a Regulation of the European Parliament and of the Council repealing Council Regulation (EEC) No 1101/89, Regulations (EC) No 2888/2000 and (EC) No 685/2001’

(COM(2016) 745 final — 2016/0368 (COD))

(2017/C 209/10)

Rapporteur: **Jan SIMONS**

Consultation	European Parliament, 12.12.2016 Council of the European Union, 19.12.2016
Legal basis	Articles 19 and 304 of the Treaty on the Functioning of the European Union
Section responsible	Section for Transport, Energy, Infrastructure and the Information Society
Adopted in section	15.3.2017
Adopted at plenary	29.3.2017
Plenary session No	524
Outcome of vote (for/against/abstentions)	228/3/0

1. Conclusions and recommendations

1.1. Having consulted the relevant stakeholder organisations, the EESC has come to the conclusion that the Commission's proposal for a Regulation repealing Regulation (EEC) No 1101/89 (temporary scrapping scheme for inland waterway transport), Regulation (EC) No 2888/2000 (distribution of permits for goods transport in Switzerland) and Regulation (EC) No 685/2001 (authorisations for goods transport in Romania and Bulgaria before their accession to the EU) can be endorsed.

2. Background

2.1. As part of the REFIT programme and the commitment to better regulation, and with the aim of ensuring a legislative framework that is fit for purpose and of high quality, as referred to in the Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on Better Law-Making, the Commission is proposing to repeal three Regulations that have become obsolete.

2.1.1. The first is the temporary scrapping scheme for inland waterway transport from 1989; the relevant capacity-management tools in this Regulation were preserved in Regulation (EC) No 718/1999 10 years later, but the 1989 Regulation was not repealed.

2.1.2. The proposal also relates to two Regulations on road transport.

2.1.2.1. One, dating from 2000, relates to the distribution among the Member States of Swiss quotas for heavy goods vehicles; under an agreement between the EU and the Swiss Confederation, these heavy goods vehicles have been exempt from any quota or authorisation arrangements since 1 January 2005.

2.1.2.2. The other concerns the distribution among the Member States at the time of authorisations giving access to the haulage market in Bulgaria and Romania, before they joined the EU in 2007. The accession of these two countries to the EU in 2007 means that such authorisations are no longer required.

3. General comments

3.1. The EESC has consistently supported the idea that the legislative framework needs to be fit for purpose and of high quality, but must remain transparent, clear and easy to use by Member States and stakeholders, in this case the inland waterways transport and road haulage sectors.

3.2. In view of the (different) reasons given for repealing the Regulations in question, the EESC considers it only logical to do so.

3.3. The EESC does, however, note that the Commission has indicated that consultations with the interested parties and impact assessments are 'not applicable'. The proposal does in fact have an impact, and even a positive one — specifically the aspects mentioned in point 3.1 above — and it never hurts to carry out consultations, even if only to be on the safe side.

3.4. The EESC therefore surveyed representatives of relevant industry associations. This did not bring to light any objections to the Commission's proposal to repeal the three Regulations.

Brussels, 29 March 2017.

The President
of the European Economic and Social Committee
Georges DASSIS

Opinion of the European Economic and Social Committee on the joint communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — ‘International ocean governance: an agenda for the future of our oceans’

(JOIN(2016) 49 final)

(2017/C 209/11)

Rapporteur: **Jan SIMONS**

Consultation	European Commission, 27 January 2017
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	REX
Adopted in section	6 March 2017
Adopted at plenary	29 March 2017
Plenary session No	524
Outcome of vote	201/2/2
(for/against/abstentions)	

1. Conclusions and recommendations

1.1. The European Economic and Social Committee (EESC) notes that the joint communication actions address the governance of both oceans and seas. The EESC suggests that the title of the joint communication should be changed to ‘an agenda for the future of our oceans and seas’.

1.2. The EESC shares the growing concern about the need for better governance and protection of the oceans as the pressure increases. For centuries, our world’s oceans have been considered simply too vast to be affected by anything we do, but increased human activity is putting our oceans in danger. Our world’s oceans are faced with unsustainable fishing, inadequate protection, tourism, heavy traffic, pollution and climate change effects such as rising sea levels and changing species distribution. The current framework for international ocean governance is unable to ensure the sustainable management of oceans and their resources. Urgent action is imperative.

1.3. The EESC welcomes the joint communication by the European Commission (hereafter ‘the Commission’) and the High Representative of the Union for Foreign Affairs and Security Policy (hereafter ‘the High Representative’) on improved ocean governance. The joint communication sets an agenda ‘for the future of our oceans’, a future which is in jeopardy. However, the Commission and the High Representative still need to prioritise the threats currently faced by our oceans in order to adequately reflect the urgent need for action.

1.4. One of the causes of ineffective international ocean governance is the existence of gaps in the current international ocean governance framework. The EESC recommends that the Commission and High Representative address these gaps and inconsistencies, but also that they increase compliance with existing rules, for example by improving the implementation of the Marine Strategy Framework Directive. The EU should refrain from proposing any new legislation when better or more coordinated implementation of existing rules and regulations would be more efficient.

1.5. The EESC endorses the actions listed in the joint communication that are intended to increase our knowledge of European oceans. The EU could play an important role in improving the governance of our oceans, especially in supporting scientific research into the world’s oceans. Good and effective use must be made of currently available data. There is plenty of information on our seas which is largely fragmented. The EESC therefore strongly encourages the EU to develop the Marine Observation and Data Network into a worldwide marine data network. The EU could become a centre of coordination for such research.

1.6. The EESC urges the EU to work with partner countries to reduce maritime security threats and risks, such as piracy and trafficking in human beings, arms and narcotics, while capitalising on the new European Border and Coastguard Agency, the EU Maritime Safety Agency (EMSA) and the Fisheries Control Agency (EFCA). The use of a workable common information sharing environment (CISE) will ensure that data are collected once and shared among EU Member States in an effective manner.

1.7. The EESC believes that capacity building for better ocean governance is crucial for achieving sustainable development and enabling developing countries to use the oceans and their resources in accordance with the United Nations Convention on the Law of the Sea (UNCLOS). The EU measures identified in the joint communication are therefore welcome but the specific actions and tools to achieve such capacity building have yet to be specified by the Commission and the High Representative.

1.8. The EESC strongly encourages the establishment of an EU stakeholder forum dedicated to oceans and seas worldwide, especially since ocean governance is a cross-cutting issue involving a number of stakeholders. However, such a forum should avoid duplicating any discussions that are already ongoing at international level. The EESC urges the Commission to involve all stakeholders; civil society as a whole needs to be mobilised if we want to achieve effective governance of our oceans.

1.9. The EESC points out that in order to avoid illegal, unreported and unregulated fishing, efficient flag state control and enforcement tools, including monitoring, control and surveillance measures, should be implemented. The fishing data of all EU Member States should be better collected and properly shared. This could potentially be achieved by using funds available under the European Maritime and Fisheries Fund (EMFF).

1.10. The EESC believes that ocean governance should balance socioeconomic development and marine conservation. Technologies for the exploitation of seabed resources need to be used with care and caution. Their innovative character and importance for economic development should not cause us to overlook possible dangers to the environment in which these activities are conducted. Experience with land-based environmental impact assessments could be used to develop equivalent area-specific assessments for the exploitation of ocean resources.

2. Background to the joint communication

2.1. In June 2015, the Member States of the UN General Assembly (UNGA) formally agreed to develop a legally-binding instrument under UNCLOS for the conservation and sustainable use of marine biological diversity in areas beyond national jurisdiction (BBNJ) ⁽¹⁾. As states are increasingly looking to the oceans to develop their economies, most areas in the oceans are negatively affected by unsustainable activities taking place at sea or on land, compounded by the impacts of climate change and the effects of ocean acidification.

2.2. The European Union set an agenda for better ocean governance based on a cross-sectoral, rules-based international approach. The communication is also the EU's response to the United Nations' 2030 Agenda for Sustainable Development, in particular sustainable development goal 14 'to conserve and sustainably use the oceans, seas and marine resources' as part of a highly interconnected agenda. It is based on the political mandate given to Commissioner Vella by Commission President Juncker 'to engage in shaping international ocean governance'.

2.3. The joint communication of the Commission and High Representative sets out 14 sets of actions in three priority areas: (1) improving the international ocean governance framework; (2) reducing human pressure on the oceans and creating the conditions for a sustainable blue economy; (3) strengthening international ocean research and data.

2.3.1. Improving the international ocean governance framework

2.3.1.1. The Commission and the High Representative have developed actions to address issues such as the conservation and sustainable use of marine biological diversity in BBNJ, fulfilment of the 10 % target for marine protected areas by 2020, and reduction of maritime security threats and risks, such as piracy and trafficking in human beings, arms and narcotics.

⁽¹⁾ A/RES/69/292.

2.3.2. *Reducing human pressure on the oceans and creating the conditions for a sustainable blue economy*

2.3.2.1. The Commission and the High Representative have proposed actions to implement the Paris Agreement with a focus on ocean-related actions, in order to combat illegal, unregulated and unreported fishing (IUU) and marine litter and work towards international guidelines on maritime spatial planning.

2.3.3. *Strengthening international ocean research and data*

2.3.3.1. The Commission and the High Representative have developed actions to improve our understanding and sound scientific knowledge with a view to sustainable management of ocean resources and a reduction in human pressure.

3. General comments

3.1. The EESC notes that the joint communication actions address the governance of both oceans and seas. Due to the considerable interconnectedness of these waters, the EESC suggests that the joint communication be renamed 'an agenda for the future of our oceans and seas' to provide clarity about the scope of this initiative.

3.2. The EESC acknowledges the pre-eminent contribution of UNCLOS to the strengthening of peace, security and cooperation among all nations and to the promotion of the economic and social advancement of all peoples of the world, in accordance with the principles of the United Nations, as well as to the sustainable development of the oceans and seas.

3.3. The EESC notes that the General Assembly of the United Nations carries out an annual review of developments in ocean affairs and the law of the sea and each year adopts two resolutions setting out global integrated policy guidance; one on oceans and the law of the sea and one on sustainable fisheries. The EU should intensify its work with international partners so as to facilitate the implementation of the measures identified by the UN.

3.4. The EESC believes that ocean governance should balance socioeconomic development and marine conservation. Its fundamental aim should be to ensure the sustainable multiple use of marine resources and environments, including for future generations. Resource extraction should not be to the detriment of the ecosystem; on the contrary, it should be compatible with the ecosystem and should be achieved responsibly by means of the right policies and governance structures.

3.4.1. Technologies for the exploitation of seabed resources need to be used with care and caution. Their innovative character and importance for economic development should not cause us to overlook possible dangers to the environment in which these activities are conducted. Experience with land-based environmental impact assessments could be used to develop equivalent area-specific assessments for the exploitation of ocean resources.

3.5. The EESC strongly encourages the establishment of an EU stakeholder forum dedicated to oceans and seas, but argues that this should include the participation of civil society. Such a forum could be used as a platform for the exchange of knowledge, experience and best practice on improved ocean governance. It could also be used to fine-tune the distribution of EU funds for better ocean governance and could step up efforts to evaluate the economic effectiveness of public investment in marine research and observation.

3.6. The EESC believes that the European Union should consider the global picture when making any new proposals to improve ocean governance, so that areas of ocean governance that are already mature and operating smoothly are not inadvertently affected. The European Union should also avoid duplicating any discussions that are already ongoing at international level.

3.7. The EESC acknowledges that regulatory gaps can allow unregulated and unreported activities, overexploitation of marine resources and destruction of the Earth's ecosystems. To address these issues, scientific studies of these ecosystems are essential, along with a better understanding of the current governance structure with a view to plugging these gaps. The EESC is of the opinion that the EU could become the leader in scientific research into the world's oceans and could become the centre of coordination for such research.

3.8. Aside from identifying regulatory gaps and inconsistencies, one of the goals of the Commission and the High Representative should be to step up compliance with existing rules. This could be achieved by using the EU's market weight in certain policy areas, such as fisheries, to get important players on board, as highlighted by Commissioner Vella when commenting on EU action against illegal fishing ⁽²⁾.

3.9. The EESC agrees that all sectors need to work continually towards an improved ocean governance model as the pressure on our oceans increases. The EESC notes as an example that organisations such as the regional fisheries management organisations (RFMOs) and the International Maritime Organisation (IMO) are trying to improve their governance principles in order to enhance the existing strategic framework.

3.10. The EESC believes that the Commission and the High Representative should assess any needs in terms of skills, competences and training so as to facilitate the anticipated job development of the ocean industries, an issue which has been overlooked in the communication.

4. Specific comments

4.1. *Improving the international ocean governance framework*

4.1.1. The EESC welcomes the engagement by the Commission and the High Representative to work with Member States and international partners to ensure the adoption, ratification and implementation of key existing global ocean governance instruments such as the International Labour Organisation (ILO) Work in Fishing Convention, as well as to develop necessary new instruments such as the planned UNCLOS Implementing Agreement on BBNJ. The EESC also encourages the Commission and the High Representative to cooperate with the IMO in order to facilitate the implementation and proper enforcement of IMO instruments. The Commission needs to identify practical actions and tools for achieving this goal.

4.1.2. The EESC welcomes the commitment of the Commission and the High Representative to improving coordination and cooperation between global and regional organisations and partnerships with key ocean players. This demonstrates EU efforts to implement an integrated and cross-sectoral approach to the management of ocean activities, which remains largely sectoral. The EESC strongly encourages the involvement of the Commission and the High Representative in UN-Oceans, a mechanism that seeks to enhance the coordination, consistency and effectiveness of competent organisations in the United Nations system.

4.1.3. Capacity building is crucial for achieving sustainable development and enabling developing countries to use the oceans and their resources in a sustainable manner and in accordance with the UNCLOS Convention. However, the Commission and the High Representative have yet to identify specific EU capacity-building measures.

4.1.3.1. The EESC notes that the joint communication refers to capacity-building resources aimed at improving the sustainable development and the blue economy in the Mediterranean. However, similar resources need to be mobilised for all European seas, as well as the Arctic region.

4.1.4. The EESC is in favour of better protecting Arctic resources which are the natural capital of future generations, and of viewing current environmental changes in the Arctic as a measure of European and global progress on climate protection. The EESC believes that the Commission could increase awareness among operators in the Arctic about the sensitivity of the area and the ever-increasing need for it to be developed sustainably. The preservation of Arctic regions and the fight against climate change must not be undertaken without consideration for inhabitants or in a way that is detrimental to them. While they wish to preserve their cultures, people living there also want to be able to benefit from the opportunities offered by sustainable economic and social development.

4.1.4.1. The EESC calls for civil society to be able to play an active role in promoting the interests and concerns of people who live there. The EU could also organise public discussions where the main actors could present their contributions to the sustainable development of the area, with the participation of indigenous people. The establishment of a Brussels-based Arctic information centre could be considered ⁽³⁾.

⁽²⁾ European Commission — press release on *EU acts on illegal fishing: Yellow card issued to Thailand while South Korea & Philippines are cleared*, 21 April 2015, http://europa.eu/rapid/press-release_IP-15-4806_en.htm

⁽³⁾ OJ C 75, 10.3.2017, p. 144.

4.1.5. There has been an increase in unsafe migration by sea, underscoring the need for urgent action to prevent loss of life at sea. The EESC therefore welcomes the adoption of the new European Border and Coastguard Regulation (EU) 2016/1624, even though the Committee had strongly recommended that it be named the 'European Border Guard Agency'. The EESC also endorses the amended European Maritime Safety Agency (EMSA) and the European Fisheries Control Agency (EFCA) regulations.

4.1.5.1. In its opinion on the amendment to the Regulation establishing EMSA ⁽⁴⁾, the EESC stated that it welcomed the role played by the agency in improving maritime safety in the Member States. It also stated, even then, that it was very important for EMSA's tasks and competences to be extended in a sensible way.

4.1.6. The EESC notes the EU measures concerning the fight against illegal fishing and strengthening of the sustainable management of ocean food resources. The common fisheries policy was introduced in the 1960s and needs constant revision. The Committee welcomes the process of updating the policy to keep pace with technological changes, with a view to improving conservation and protecting fish stocks.

4.1.6.1. The EESC points out that in order to avoid illegal, unreported and unregulated fishing, efficient control and enforcement tools, including monitoring, control and surveillance measures should be implemented. The Committee brings to the attention of the Commission and the High Representative the fact that the United Nations has noted with concern that effective management of marine capture fisheries has been made difficult in some areas by unreliable information. All EU Member States should therefore contribute to improving knowledge about and sharing of fishing data in their waters. This could possibly be achieved by using funds available under the EMFF.

4.1.6.2. The EESC encourages the Commission to continue its efforts to improve the working performance of RFMOs. In addition, as part of the integrated approach to maritime affairs, the Commission should look for better coordination between different fora, for instance between Regional Sea conventions and global organisations.

4.2. *Reducing human pressure on the oceans and creating the conditions for a sustainable blue economy*

4.2.1. The EESC strongly endorses EU measures, including the communication on the implementation of the COP21 Agreement and the mitigation of the harmful impact of ocean warming, sea level rises and acidification. The EESC also encourages the Commission and the High Representative to be proactive and assess the impact of such effects on the blue economy, not only for well-established industries but also for emerging industries.

4.2.2. The EESC encourages the action by the Commission to promote the implementation of the Port State Measures Agreement (PSMA) that entered into force in June 2016 as a binding, international treaty designed to combat illegal, unreported and unregulated (IUU) fishing. Proper implementation of the PSMA is expected to drive the industry towards greater sustainability and to have significant ripple effects throughout the entire fisheries supply chain.

4.2.3. The EESC believes that strict penalties should apply for violations of fishing laws. The implementation of the ILO Work in Fishing Convention is important in order to avoid labour abuses on fishing boats and unfair competition resulting from violations of fundamental principles and rights at work. Living and working conditions at sea have to adhere to the highest international and EU standards.

4.2.4. The EESC notes that harmful fisheries subsidies, either to increase capacity of fleets or granted to fishermen that engage in IUU fishing, are one of the main causes of overfishing, and therefore welcomes the EU commitment to accelerate work to complete the ongoing negotiations on this issue in the World Trade Organisation.

4.2.5. Regarding marine litter, the EESC notes with alarm the growing evidence of its harmful effects on wildlife and habitats and on marine biodiversity and environment. The EESC underlines with particular concern the problem of micro-plastics which, whether introduced directly or due to degradation of macro-litter items, reach even the most remote areas, in this case including the deepest areas, and release harmful chemical substances which may contaminate the food chain.

⁽⁴⁾ OJ C 107, 6.4.2011, p. 68.

4.2.5.1. The EESC welcomes efforts made under each of the Regional Seas Conventions to prevent and reduce marine litter, such as developing dedicated regional action plans. The EESC encourages the EU Member States to improve the implementation of the Marine Strategy Framework Directive in order to achieve and maintain a good marine environmental status. The Commission should also encourage regions outside the EU to develop similar actions plans.

4.2.5.2. The EESC supports the importance of international mechanisms, such as the MARPOL Convention, to combat ship-based sources of marine litter, and urges the Commission to propose a revised Port Reception Facilities Directive in 2017 so as to seek even further alignment with the scope and definitions of MARPOL.

4.2.5.3. The EESC points out that the EU should gain a better understanding of regional characteristics as well as the sources, amounts, pathways, distribution trends, nature and impacts of marine litter, including micro-plastics, and urges the Commission and the High Representative to address sea-based and land-based sources of maritime litter.

4.2.6. The EESC endorses action by the Commission and the High Representative to achieve and accelerate successful maritime spatial planning at global level by engaging all key stakeholders ⁽⁵⁾.

4.2.7. The EESC encourages the Commission and the High Representative to stimulate regional and international cooperation to develop long-term, sustainable financing mechanisms for marine protected areas, ensuring that they are well managed and form an ecologically coherent network.

4.3. *Strengthening international ocean research and data*

4.3.1. The EESC endorses the actions listed in the joint communication that are intended to increase knowledge of European oceans. The EESC therefore strongly encourages the EU to develop the marine observation and data network into a worldwide marine data network. The EU could become a centre of coordination for such research. However, before collecting and analysing further information, good and effective use must be made of currently available data. There is plenty of information on our seas which is largely fragmented.

4.3.2. The EESC encourages the Commission to foster greater international cooperation in maritime science and technology, as suggested by the Organisation for Economic Cooperation and Development (OECD), as a means to stimulate innovation and strengthen the sustainable development of the blue economy.

4.3.3. Lastly, the EESC suggests that the Commission and Member States work to improve the statistical and methodological base at European and national level for measuring the scale and performance of established and emerging ocean-based industries and their contribution to the overall economy.

Brussels, 29 March 2017.

The President
of the European Economic and Social Committee
Georges DASSIS

⁽⁵⁾ Reference to the 2nd International Conference on MSP, jointly organised by the European Commission's DG MARE and Unesco's Intergovernmental Oceanographic Commission. It will take place on 15-17 March 2017 at the Unesco headquarters in Paris, France.

Opinion of the European Economic and Social Committee on the 'Proposal for a Regulation amending Regulation (EU) 2016/1036 on protection against dumped imports from countries not members of the European Union and Regulation (EU) 2016/1037 on protection against subsidised imports from countries not members of the European Union'

(COM(2016) 721 final)

(2017/C 209/12)

Rapporteur: **Christian BÄUMLER**

Co-rapporteur: **Andrés BARCELÓ DELGADO**

Consultation	Commission, 24.11.2016
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Outcome of vote (for/against/abstentions)	194/0/1

1. Conclusions and recommendations

1.1. The European Economic and Social Committee (EESC) is committed to open and fair trade and recognises its value as a driver of growth and jobs.

1.2. The EESC calls for a level playing field between European and third country exporting producers, and for effective trade defence instruments.

1.3. The EESC takes the view that, overall, the Commission's proposal provides a balanced approach between the issue of China's market economy status, on the one hand, and the goal of having an effective dumping calculation method, on the other.

1.4. The EESC supports the Commission's proposal that the dumping margin should be calculated not using the standard methodology, but on the basis of benchmarks that take account of significantly distorted production and sale costs. The EESC points out that in its 2016 opinion on preserving sustainable jobs and growth in the steel industry, it already called for the standard methodology not to be used in anti-dumping and anti-subsidy investigations into Chinese imports as long as the country failed to meet the EU's five criteria for market economy status.

1.5. The EESC welcomes the Commission's intention of using specific criteria to determine whether there are significant distortions in the market situation. The Committee notes that the respect of ILO standards and of Multilateral Environment Agreements should also be considered.

1.6. The EESC calls on the Parliament and the Council to clearly state that the Commission will issue specific country reports for every country with significant market distortions. The target will include all countries that, taken together, account for 70 % of the anti-dumping investigations initiated in the previous five-year period.

1.7. The EESC notes, however, that there is still room for improvement in the Commission's proposal to amend the basic anti-dumping regulation in terms of the effectiveness and practicability of the anti-dumping investigation process (legal status, feasibility and pertinence of the proposed reports), and particularly with regard to the burden of proof, which should not be shifted onto the European industry.

- 1.8. The EESC stresses that the anti-dumping and anti-subsidy complaints procedure must also be accessible to small and medium-sized enterprises.
- 1.9. The EESC supports the Commission's proposed transitional and consultation arrangements.
- 1.10. The EESC urges the Commission to ensure to the best possible extent the compatibility of the EU's new anti-dumping policy with the WTO Anti-dumping agreement in order to strengthen legal certainty.
- 1.11. The EESC recommends that trade defence policy towards countries with significant market distortions should take an internationally coordinated approach that goes beyond the EU. Close coordination with major trade partners is needed.
- 1.12. The EESC welcomes the Commission proposal regarding the changes proposed in the anti-subsidy regulation.
- 1.13. The EESC notes that the efficiency of trade defence instrument (TDI) procedures is also linked to the 2013 proposal to modernise TDI, including the lesser duty rule. The EESC insists that it is crucially important for the TDI modernisation package to also be finalised and adopted in the coming months in order to produce a robust and effective trade defence system and to secure jobs and growth in the EU.

2. Context and gist of the Commission document

- 2.1. The Commission proposal⁽¹⁾ amends Regulation (EU) 2016/1036 on protection against dumped imports from countries not members of the European Union and Regulation (EU) 2016/1037 on protection against subsidised imports from countries not members of the European Union. The changes are related to anti-dumping calculations, as well as to the anti-subsidies procedure.
- 2.2. The new Commission proposal introduces changes to the basic anti-dumping regulation by abolishing the distinction between countries with market economy status and NME countries which are members of the WTO. 'Analogue country' methodology can continue to apply to non-WTO countries, which are NME. The standard methodology will apply to all WTO members, except in the event of substantial market distortions. In this case, the new article 2(6a) allows the normal value to be constructed on the basis of the production and sale costs reflecting undistorted prices or benchmarks.
- 2.3. Even if the new proposed regulation is 'country neutral', it is closely linked to the expiry of subparagraph 15 (a) (ii) of China's protocol of accession to the World Trade Organisation (WTO) on 11 December 2016. The consequences of this expiry are subject to different interpretations⁽²⁾.
- 2.4. Under the standard methodology it is required that dumping be calculated by comparing the export prices to the EU with domestic prices or costs of the products in the exporting country. However, for NME countries the EU currently uses the so-called 'analogue country methodology', in which domestic prices are replaced by prices and costs from another 'analogue country' as a basis for calculation.
- 2.5. Regulation (EU) 2016/1036 on protection against dumped imports names WTO countries that are considered Non-Market Economies⁽³⁾, for which non-standard anti-dumping methodology should be followed.
- 2.6. However, the fact that the expiry of subparagraph 15 (a) (ii) of China's accession protocol might be interpreted as obliging the EU to grant China market economy status (MES) made it necessary for the European Commission to envisage different scenarios for how to maintain strong trade defence instruments (TDI) while protecting European industry from unfair trade practices and complying with the WTO obligations.

⁽¹⁾ COM(2016) 721 final.

⁽²⁾ According to the European Commission estimations, in the period from 2012-2016, 73 new anti-dumping and anti-subsidy investigations were opened, 42 % of which went to China, 10 % to India, 5 % to Russia, 5 % to Indonesia and 5 % to Turkey. In 2016 the majority of provisional measures were imposed first of all on China and some on Russia, Belarus and Korea.

⁽³⁾ Regulation (EU) 2016/1036 of the European Parliament and of the Council of 8 June 2016 on protection against dumped imports from countries not members of the European Union (codification) (OJ L 176, 30.6.2016, p. 21).

2.7. Intensive debate between the EU institutions and stakeholders took place in 2016. The EESC took part in this debate and in its opinion on ‘The impact on key industrial sectors (and on jobs and growth) of the possible granting of market economy treatment to China (for the purpose of trade defence instruments)’ ⁽⁴⁾, it insisted that the EU should not lose the tools to ensure free and fair trade with China because an unacceptable number of jobs (amounting to hundreds of thousands) would be lost. The EESC insisted that losses would be concentrated in particular sectors and regions which would be heavily affected, such as aluminium, bicycles, ceramics, electrodes, ferroalloys, glass, paper, solar panels, steel and tyres. The Committee called on the European Commission, the EP and the Council to promote international fair competition, as a way to actively defend these jobs and European society values and to boost income and wealth in the European Union ⁽⁵⁾. On 12 May 2016, the European Parliament had approved a resolution on China’s market economy status.

2.8. The Commission proposals include a non-exhaustive list of criteria which point to significant market distortions, which are mainly related to state intervention in the sector. Commission services may issue public reports describing the specific situation concerning the market circumstances in any given country or sector. Such reports and the evidence on which they are based would also be placed on the file of any investigation relating to that country or sector so that all interested parties would be in a position to express their views and comments.

2.9. In addition to the new methodology for calculating dumping, the Commission’s proposal sets out transitional arrangements for existing trade defence measures and ongoing investigations. The Commission proposal indicates that the new system will apply only to cases initiated upon entry into force of the new provisions. The introduction of new methodology does not constitute sufficient grounds for reviewing existing anti-dumping measures. Requests to review methodology can only be introduced when an expiry review of a given measure is initiated.

2.10. The Commission proposal also includes changes to the way the EU investigates subsidies granted by governments in third countries and it clarifies in an amendment to the basic anti-subsidy regulation that additional subsidies found during the anti-subsidy investigation or its review can be reflected in the calculation of the anti-subsidy measures.

3. General comments

3.1. The EESC supports the EU’s open and fair trade policy. The EU (acting on behalf of the EU Member States, as the common commercial policy is an exclusive EU competence) promotes open trade and recognises the value of trade as a driver of growth and jobs.

3.2. The EESC is in favour of effective trade defence instruments. In its trade policy, the EU requires domestic and foreign producers to compete on a level playing field. It therefore opposes unfair trading practices and applies its own legislation via trade defence instruments (TDIs), including anti-dumping and countervailing measures.

3.3. The EESC would point out that most of the anti-dumping measures in force for Chinese imports are concentrated in certain sectors, with the steel industry being one of the most targeted. This sector serves both downstream and upstream industries in equal measure; with more than 350 000 direct jobs and several million more in related industries, it plays an essential role in Europe’s manufacturing industry and the European economy in general.

3.4. The EESC takes the view that, overall, the Commission’s proposal provides a balanced approach between the issue of China’s market economy status, on the one hand, and the goal of having an effective, country-neutral dumping calculation method, on the other.

3.5. The EESC welcomes the amendment of the basic anti-subsidy regulation, which clarifies the procedure for anti-subsidy investigation.

3.6. The EESC proposes that the recitals to the regulations should make it clear that the amendment of the basic anti-dumping regulation and does not grant China market economy status.

⁽⁴⁾ OJ C 389, 21.10.2016, p. 13.

⁽⁵⁾ OJ C 389, 21.10.2016, p. 13.

3.7. The EESC has, however, noted that on 13 December 2016 China requested WTO consultations with the US and the EU in connection with the fact that they are not complying with the WTO anti-dumping agreement and that for the EU those consultations cover both the existing basic anti-dumping regulation and its proposed amendment, which is the subject of this opinion. The Committee notes earlier legal disputes, which illustrate the complexity of the problems. Therefore, the EESC is concerned about the legal certainty of the proposed amendment to the anti-dumping regulation and calls on the Commission to build a solid justification for the compatibility of the new system with the WTO anti-dumping rules.

3.8. The EESC points out that none of the EU's major trading partners have changed their anti-dumping methodologies, even in view of the expiry of subparagraph 15 (a) (ii) of China's protocol of accession to the WTO. This strategy is related to pending WTO proceedings initiated by China, the outcome of which should be awaited.

3.9. The EESC recommends that there should be an internationally coordinated approach on this file that goes beyond the EU.

3.10. The EESC therefore urges the Commission, the Parliament and the Council to monitor new developments in the trade defence policies of major trading partners closely, and to analyse their impact on the balance of trade flows.

3.11. The EESC notes that the Committee of the Regions called for the lesser duty rule⁽⁶⁾ to be abolished. The Parliament recommended in April 2014 to restrict the lesser duty rule in case of labour and environmental dumping. In its 2016 opinion, the EESC also called for the lesser duty rule to be abolished for steel imports.

3.12. In this respect, the EESC points out that the efficiency of trade defence instrument (TDI) procedures is also linked to the 2013 proposal to modernise TDI. The EESC notes that the TDI modernisation package and the new dumping margin calculation method cover different, technically and legally unrelated aspects of the EU anti-dumping policy and its implementation, even if they are closely related. The EESC points out that making full use of the dumping margin would further the goal of achieving market economy conditions in all WTO member countries and notes that it is crucially important for the TDI modernisation package to also be finalised and adopted in the coming months in order to produce a robust and effective trade defence instrument system and to secure jobs and growth in the EU.

4. Specific comments

4.1. The EESC supports the Commission's proposal (Article 2(6a)) to change the calculation methodology so that, when significant distortions exist in some countries, a non-standard methodology can be used, and considers that this methodology would allow the Commission to establish and measure the actual magnitude of dumping.

4.2. In its 2016 opinion⁽⁷⁾ on preserving sustainable jobs and growth in the steel industry, the EESC already called for the standard methodology not to be used in anti-dumping and anti-subsidy investigations into Chinese imports as long as the country failed to meet the EU's five criteria for market economy status. This is in line with the European Parliament resolution of May 2016.

4.3. The EESC agrees with the Commission's assessment that prices and costs in some countries are artificially low due to state influence, which means that they do not realistically reflect market forces. Domestic prices and costs are significantly distorted by state intervention. In such cases, domestic prices should therefore not be used for the comparison with export prices.

4.4. The EESC notes that the trigger for the new calculation is now significant market distortion, for which a list of non-exhaustive examples are given in the regulation. However, the Committee also notes that the violation of minimum labour and environmental standards can also contribute to distorting competition with EU companies and should be taken into account, in particular if it is a part of the State regulatory framework. In addition, the compatibility of the new method with the WTO rules should be carefully assessed.

⁽⁶⁾ OJ C 17, 18.1.2017, p. 13.

⁽⁷⁾ OJ C 389, 21.10.2016, p. 50.

4.5. The EESC notes that China has requested a formal panel in the WTO over the so-called 'analogue country' approach used by the EU, and points out that the EU is currently working on the introduction of a new methodology which should be in line with all international agreements. The EESC is of the opinion that, if the WTO ruling comes to the conclusion that the expiry of article 15(a)(ii) does not automatically grant market economy status to China and that China has to respect the other commitments it made in its Accession Protocol, the use of the 'analogue country' methodology should be maintained.

4.6. The EESC notes that according to the proposed legislation, the Commission may prepare and issue reports describing the specific circumstances of the market in any given country or sector. These reports and the evidence on which they are based would become part of any anti-dumping investigation into that country or sector, and would be publicly available. EU industry could also use information from these reports when lodging a complaint or a request for review. However, the EESC is worried that no provisions for enlarging the actual number of staff dealing with trade defence instruments are included in the European Commission proposal. It also notes that the legal status of those reports is not defined and it is not clear how the reports can be used in case of a legal challenge to the reports by the country concerned. There is also no mention of how often the reports will be updated and how they will be adapted to sector-specific challenges.

4.7. The EESC is also worried that these reports are not obligatory (the proposal refers to 'Commission services may issue a report') and it also calls for the burden of proof to be more clearly defined in the proposed legislation.

4.8. The EESC notes that the anti-dumping complaints procedure must be effective, realistic and feasible. However, the EESC cannot accept the reversal of the burden of proof. The burden of proof should not be placed on the EU enterprises concerned and on the Commission in terms of demonstrating the existence of dumping. The associated data collection requirements should remain sustainable.

4.9. The EESC stresses that the anti-dumping complaints procedure must also be accessible to small and medium-sized enterprises, and that particular attention must be paid to ensuring that these enterprises can bear the costs involved in the investigation and associated data collection requirements.

4.10. The EESC takes the view that the transitional arrangements proposed by the Commission are in the interests of legal clarity, and supports these arrangements.

Brussels, 29 March 2017.

The President
of the European Economic and Social Committee
Georges DASSIS

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 1059/2003 as regards the territorial typologies (Tercet)’

[COM(2016) 788 *final* — 2016/0393 (COD)]

(2017/C 209/13)

Consultation	Council of the European Union, 25.1.2017
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Section for Economic and Monetary Union and Economic and Social Cohesion
Adopted at plenary	29.3.2017
Plenary session No	524
Outcome of vote	223/1/4
(for/against/abstentions)	

Since the Committee endorses the contents of the proposal and has already set out its views on the subject in its earlier opinion on the ‘Proposal for a Regulation of the European Parliament and of the Council on the establishment of a common classification of Territorial Units for Statistics (NUTS)’ adopted on 11 July 2001 ⁽¹⁾, it decided, at its 524th plenary session of 29 and 30 March 2017 (meeting of 29 March 2017), by 223 votes to 1 with 4 abstentions, to issue an opinion endorsing the proposed text and to refer to the position it had taken in the above-mentioned document.

Brussels, 29 March 2017.

The President
of the European Economic and Social Committee
Georges DASSIS

⁽¹⁾ OJ C 260, 17.9.2001, p. 57.

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