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## Information and Notices

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## I

(Resolutions, recommendations and opinions)

## OPINIONS

## EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

530TH EESC PLENARY SESSION, 6 AND 7 DECEMBER 2017

**Opinion of the European Economic and Social Committee on ‘Wealth inequality in Europe: the profit-labour split between Member States’**

**(own-initiative opinion)**

(2018/C 129/01)

Rapporteur: **Plamen DIMITROV**

Plenary Assembly decision	22.9.2016
Legal basis:	Rule 29(2) of the Rules of Procedure own-initiative opinion
Section responsible:	Economic and Monetary Union and Economic and Social Cohesion
Adopted in section	7.9.2017
Adopted at plenary	6.12.2017
Plenary session No	530
Outcome of vote (for/against/abstentions)	188/30/23

### 1. Conclusions and recommendations

1.1. The EESC believes that income and wealth inequalities in the EU have become economic and social challenges that should be addressed with appropriate measures at national level and with the support of EU-level action. We attach greater importance to income inequalities, be they in Europe or worldwide. The EESC stresses the need to also draw attention to wealth inequalities, however, which are a far more variable function and have a far longer-term effect. This implies the need to clarify the reasons for these inequalities and the factors which determine them and to frame policy solutions to address them.

1.2. A careful analysis and assessment needs to be undertaken of the precise nature of the distribution of wealth in the EU and timely preventive measures taken to avoid such adverse consequences as the rapid evaporation of the ‘middle class’ and more and more people falling into the category of ‘working poor’ or those ‘at risk of poverty and social exclusion’. The market economy should be seen not only as a means of achieving strong economic growth, but also as one of the mechanisms needed to attain objectives important for society.

1.3. The most important tool at the disposal of Member States for promoting fair redistribution of added value for society as a whole is fiscal policy. Active labour market policies that help to smooth the transition between education, training and working life should also be placed centre stage, together with policies governing taxation and social transfers. The EESC recommends that the Member States as soon as possible implement measures that can diminish inequality and ensure fair redistribution of new added value throughout society as a whole.

1.4. The EESC thinks a well-functioning system of social transfers and social assistance is needed. Redistribution as a compensation mechanism should to a large extent complement the gaps in the market system. Public assets (social infrastructure, facilities for services in the public interest, etc.) should be developed and their role should be seen as a means of addressing inequalities. Fiscal income should be shifted from labour-based taxation towards a more wealth-based one, with taxation on inheritance and capital income.

1.5. Concentration of wealth also leads to a concentration of enormous power, which takes many forms, including distortion of competition. The EESC thinks that intensive economic growth is key to reducing poverty and wealth inequalities. This should be promoted through better use of the Structural and Cohesion Funds, encouraging entrepreneurship, protecting competition, programmes to support SMEs and the implementation of policies to prevent discrimination of women and people in disadvantaged situations.

1.6. The EESC has concerns about the efficacy of current EU policy under the Europe 2020 strategy, which places particular emphasis on poverty. This needs more appropriate political support in order to give sufficient backing to Member States for tackling worsening inequality trends. More vigorous action is needed to grapple with poverty, which has grown in absolute terms over the last few years<sup>(1)</sup>. Policies need to be framed at supranational European level to promote more inclusive growth using an integrated approach. The European Pillar of Social Rights should be tied much more closely in with the European Semester and they, for their part, should be in line with the Europe 2020 strategy, with a view to effectively achieving the Europe-wide and national objectives enshrined therein.

1.7. Needed along with this are targeted labour-market measures linked to social protection. Given that protecting jobs, which are changing very dynamically, is not always feasible, there is a need to focus on promotion of employment and labour force protection. It is very important to have minimum social standards that guarantee decent pay and working conditions. The accent should be placed on facilitating transitions in working life while at the same time guaranteeing common labour and social rights, including the right to join a trade union and the right to collective bargaining.

1.8. The EESC believes that a transparent mechanism must be put in place to systematically monitor data on all income and wealth, as well as affording the possibility of consolidating such data. This will, on the one hand, improve administration and, on the other, facilitate the compilation of statistical information on wealth distribution in the Member States. The establishment of a register of corporate shareholders at European level would have an important role to play here.

## 2. Background

2.1. Wealth inequality in Europe goes back a long way. This is an historical process, which did not cease even after the establishment of the euro area — because of the constantly arising internal and external imbalances caused by different levels in factors of economic competitiveness. These include price/cost aspects and are also currently exacerbated by the major political challenges the EU is facing, such as terrorism, populism, national elections and, on the economic side, low investment, low growth, high unemployment, demographic change and the position of Europe in the new global rivalry for power through the prism of trade and of digitisation.

2.2. A clear distinction must be made between income inequalities and inequalities in wealth, because the latter have a longer-term effect, making it vital to examine them in greater depth. Wealth is systematically distributed more unequally than income. Very often, economic operators can have relatively similar incomes, but differ hugely in their wealth for a number of non-monetary, altruistic, inheritance and other reasons. As a result, focusing on inequalities in wealth gives us a more objective view of real monetary disparities between EU citizens.

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<sup>(1)</sup> An example is given by Salverda et al. (2013, Tables 2.3 and 5.2).

2.3. The EESC takes the view that economic developments in Europe are increasingly dynamic and are a challenge for institutions and their capacity to keep up with change. This issue is also particularly timely with respect to the debate regarding divergences in development between EU Member States. There are substantial differences between developed and developing countries, between western and eastern Europe, between Member States inside and outside the euro area, and between Schengen and non-Schengen Member States.

2.4. The EESC notes that income and wealth inequality in Europe has gradually increased since 1970. On the whole, globalisation should have a beneficial role to play in narrowing income and material differences between countries, but in recent years the trend has gone into reverse. Not only do the upper 10 % of households earn around 31 % of total income, they also hold over 50 % of total wealth in the EU-28. Growth in wealth has outstripped that of GDP in many countries, leading to yawning disparities<sup>(2)</sup>. These have severe economic, social and political repercussions that demand serious public discussion and a debate among experts and politicians on how to address this issue, and they require policy action.

2.5. The EESC believes there is a real risk that the problem of inequalities may worsen worldwide because the pace of economic development in Europe is extremely swift and it is becoming increasingly difficult to effect timely macroeconomic policy. Widening inequality of income and wealth over recent decades has been confirmed by an increase in the Gini coefficient, which has risen on average across OECD countries from 0,29 in the mid-1980s to 0,32-0,35 in 2013-2015. The trend in individual EU countries is similar<sup>(3)</sup>. However, it should be noted that in countries such as Bulgaria, Lithuania and Romania it has already reached critical values beyond 0,37<sup>(4)</sup>. Despite the fact that there is a wealth of data and studies on income inequalities, there is much less evidence on inequality in the distribution of household wealth, both within and between countries. In fact, even today, no international standards exist that national statistical offices and other data producers could use when gathering data on wealth distribution<sup>(5)</sup>.

2.6. It is worrying that, because of the general lack of trust in many European economies, accumulated profits are not reinvested and this has given rise to a suppression of competition, a sharp fall in investment and a lack of new jobs. Thomas Piketty provides empirical evidence of this in his book<sup>(6)</sup>, examining the European economy in particular. Where profit is simply accumulated and recapitalised it does not help to produce added value or to increase returns on resources in the real economy. It is therefore logical that the rich-poor divide should have been deepening in the EU for decades.

2.7. There is a risk, the EESC thinks, of the middle classes in the EU coming under pressure in the medium term. In the foreseeable future, more and more jobs will vanish as a result of digitisation and robotisation. In addition, certain kinds of profession are also disappearing, although there is both past and present evidence that these trends are equally likely to produce new jobs and professions. These changes — if not appropriately managed — are expected to contribute to increasing inequalities. The EESC believes that timely action needs to be taken to counteract the adverse consequences of what are otherwise innovative and generally socially beneficial processes of technological renewal.

2.8. The EESC expresses its concern that the ratio between the profit rate and the value added produced by the labour factor in the Member States is increasingly disproportionate. This leads to growing inequalities in Europe, both in wealth and income.

### 3. General comments

3.1. Inequalities in wealth tend to be far greater than those in income<sup>(7)</sup>. The EESC stresses the fact that it is first and foremost the Member States who have the appropriate instruments at their disposal — such as programmes for investment, economic growth and new jobs, taxation and social transfers — to tackle economic and social inequalities. However, there

<sup>(2)</sup> Piketty, *Capital in the Twenty-First Century*, Harvard University Press, 2014, ISBN 978-0674430006.

<sup>(3)</sup> Economic Inequality, European Parliament: Economic and Monetary Affairs, Employment and Social Affairs, Briefing, July 2016.

<sup>(4)</sup> Eurostat, SILC 2015.

<sup>(5)</sup> OECD Statistic Brief, June 2015, No 21.

<sup>(6)</sup> Piketty, *Capital in the Twenty-First Century*, Harvard University Press, 2014, ISBN 978-0674430006.

<sup>(7)</sup> In quantitative terms.

is scope for European level action as well, and the matter should be treated more seriously by the European institutions, because its effects on the real business cycle would be complex and much more long-term. Existing policies continue to target income more than wealth.

3.2. The main problem, as the EESC sees it, is that the European economy generates growth that often fails to benefit the financially disadvantaged. The intention is by no means to oppose the functioning of the market economy, which offers opportunities to generate wealth by innovating, setting up businesses, creating jobs and thus contributing to economic growth, employment and the financing of social security. However, the people who are at the bottom of the wealth and income redistribution pyramid do not on the whole benefit from newly created jobs. It follows from this that society will be more financially equal if European Union policy targets measures that enable more and more people to enter the labour market and share the benefits of inclusive economic growth. In this sense, reducing wealth inequality and consolidating long-term economic growth are two sides of the same coin.

3.3. The EESC is concerned that the growing accumulation of wealth might create a rentier mindset in society, resulting in wealth not being reinvested. It will thus not contribute to the development of the real economy, or to raising potential GDP. This is the core problem that Piketty deals with in his book — the fruit of 15 years of research and collection of empirical data about income and wealth inequality in capitalist societies. The final results — even if some of his methods are contested by some — show significant disparities in the EU. According to Piketty's data, the annual rate of return on capital is 4 % to 5 %, while annual income growth in central Europe is around 1 % to 1,5 %, depending on the country, given the manifest diversity of the countries concerned.

3.4. Additional measures are needed, in the EESC's view, at appropriate levels, in areas such as excessive financialisation, and further coordination and harmonisation of tax policy, measures against tax havens, tax fraud and evasion, in order to combat the long-term trend in the shadow economy: misreported business income, unregistered or hidden employees and 'envelope' wages, and measures to optimise the mix of taxes and their relative importance in Member States' tax revenues. Labour-based tax revenues should be shifted in favour of wealth-based ones.

3.5. Over the last two decades, tax competition among Member States has led many governments to implement measures that have altered the redistributive nature of fiscal policy and fuelled increased inequality. The EESC recommends that Member States assess the negative implications of tax policies and correct them as soon as possible.

3.6. The EESC thinks the Juncker Plan should be directed as a matter of priority at countries with the greatest inequalities, whatever their nature. It is imperative to encourage foreign and domestic investment. All this must be implemented in a uniform manner in harmony with European legislation and specific national characteristics, and the utilisation of the funds should be carefully monitored.

#### 4. Specific comments

4.1. Germany and Austria are the countries in the euro area where wealth inequalities are the most pronounced. In Germany, the richest 5 % of the population possess 45,6 % of the country's wealth and in Austria the figure is higher at 47,6 %<sup>(8)</sup> <sup>(9)</sup>. The problem also exists — and the trend is the same — in countries such as Cyprus, Portugal, France, Finland, Luxembourg and the Netherlands<sup>(10)</sup>. This demonstrates the marked diversity in distribution of resources in individual countries. On the one hand, these countries show low levels of income inequality, but on the other, high levels of wealth inequality.

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<sup>(8)</sup> Eurosystem Household Finance and Consumption Survey, 2010.

<sup>(9)</sup> Vermeulen 2016 (ECB WP), estimations based on Forbes rich lists.

<sup>(10)</sup> HFCS 2010; Sierminska and Medgyesi 2013; Holzner, Jestl, Leitner 2015.

4.2. In 1910, 10 % of Europe's population owned 90 % of the wealth, with the richest 1 % holding 50 %. Subsequently, as a result of the two world wars and the Great Depression, which wiped out much of the financial capital, and the various public policies marked by highly progressive taxation on income and inheritance, curbs on financial speculation, increasing salaries at the expense of capital income, and so on, inequality has fallen considerably. In the 1970s and 1980s, the top 1 % held 20 % of wealth, the next 9 % held 30 %, and a middle class of 40 % had 40 %. Income inequality also fell significantly <sup>(11)</sup>. From 1980, however, inequality started growing again. Today, private capital in developed countries in the EU-28 is between 500 % and 600 % of GDP, reaching 800 % in Italy.

4.3. In the EESC's view, there is also a substantial problem is wealth distribution by sex. Countries such as Slovakia and France are the most seriously affected, followed by Austria, Germany and Greece. In Slovakia and France, men have more than 75 % of wealth and women only 25 %, despite a very different gender balance in these populations. In Austria, Germany and Greece around 55 % of wealth belongs to men <sup>(12)</sup>. It is important to assess the reasons for such trends and whether this aspect should be covered in EU-wide policy on gender equality.

4.4. The EESC thinks it is very important how wealth is distributed in terms of meeting needs in education, vocational training, the range of healthcare services, housing and so on. We must, in line with the European Social Model, respect fundamental principles — equal opportunities and equal treatment, gender equality, non-discrimination and intergenerational fairness. Structural reforms aimed at increasing human capital are important for improving living standards and could also reduce labour income and wealth inequalities.

4.5. About 44 % of people in the euro area are in debt to banks or financial institutions in some way or another. The situation is better than in the USA, for instance, where the figure is 75 %, but the rate of growth in indebtedness in recent years is alarming <sup>(13)</sup>. The responsibility of the banking system is also very great because it could conduct primary prevention against society's increasing general indebtedness. Responsible behaviour must be placed centre stage.

4.6. Accelerated globalisation over the last three decades has increased the tax burden on labour and reversed the share of wages and capital in gross domestic product. As a result, wages declined as a share of GDP by an annual average of 0,3 % between 1980 and 2006 in most OECD Member States. Over the same period, the share of profit in GDP increased from around 31 % to 47 % in the EU-15 <sup>(14)</sup>. The EESC believes that Member States and the European Union should urgently implement policies to reverse this trend.

4.7. The EESC is concerned that in countries such as Britain and France more than 50 % of wealth is in housing. On the one hand, this suggests a lack of diversification of wealth. On the other hand, it means that a large proportion of people accumulate their wealth from real estate income. This wealth is not then reinvested. Recapitalisation itself accumulates. This brings in the issue of capital, which is raised at a much faster rate than the value added. The latest report from Oxfam <sup>(15)</sup> has revealed that the wealth of the eight richest people in the world equals that held by the poorest 50 % — a source of widespread public disquiet. Capital was an important factor in the industrial period, but when it becomes an end in itself it loses its purpose.

Brussels, 6 December 2017.

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

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<sup>(11)</sup> Piketty, *Capital in the Twenty-First Century*, Harvard University Press, 2014, ISBN 978-0674430006.

<sup>(12)</sup> Rehm, M., Schneebaum, A., Mader, K. Hollan, K., *The Gender Gap Wealth Across European Countries*, Vienna University of Economics and Business, Department of Economics, Working Paper 232, September 2016.

<sup>(13)</sup> HFCS 2010; Sierminska and Medgyesi 2013; Holzner, Jestl, Leitner 2015.

<sup>(14)</sup> OECD, *In It Together: Why Less Inequality Benefits All*, OECD Publishing, Paris 2015.

<sup>(15)</sup> *An Economy for the 99 %* (Oxfam, 2017).

## Appendix

**to the Opinion of the European Economic and Social Committee**

The following amendment was rejected during the discussion but received over a quarter of the votes.

**Point 1.4.**

Amend as follows:

*The EESC thinks a well-functioning system of social transfers and social assistance is needed. Redistribution as a compensation mechanism should to a large extent complement the gaps in the market system. Public assets (social infrastructure, facilities for services in the public interest, etc.) should be developed and their role should be seen as a means of addressing inequalities. ~~Fiscal income should be shifted from labour-based taxation towards a more wealth based one, with taxation on inheritance and capital income. Member States should change the focus of their tax revenues, reducing taxes on labour.~~*

**Reason**

In line with the principle of subsidiarity, and given the differences between the Member States, the changes brought about by the development of the digital society, and the need to ensure sustainable development, the Member States should play a larger role in reforming tax systems. It could be possible to move away from the taxes mentioned here to focus more on environmental taxes, taxation of CO<sub>2</sub> emissions, or entirely new forms of taxation (such as taxation of machinery).

The amendment was rejected by 116 votes to 95 with 24 abstentions.

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**Opinion of the European Economic and Social Committee on ‘Sustainable social security and social protection systems in the digital era’**

**(own-initiative opinion)**

(2018/C 129/02)

Rapporteur: **Petru Sorin DANDEA**

Plenary Assembly decision	26.1.2017
Legal basis	Rule 29(2) of the Rules of Procedure Own-initiative opinion
Section responsible	Employment, Social Affairs and Citizenship
Adopted in section	8.11.2017
Adopted at plenary	6.12.2017
Plenary session No	530
Outcome of vote (for/against/abstentions)	157/3/5

## 1. Conclusions and recommendations

1.1. Digitisation has brought about new forms of employment that are putting great pressure on social security systems. The EESC recommends that the Member States and European courts regulate these new forms of employment, so that the employer and the worker can be clearly identified. To this end, the EESC recommends drawing on European Court of Justice case-law, which has recognised the status of worker in the case of people who, although without a standard contract of employment, were carrying out an activity within a remunerated relationship of dependency.

1.2. The individual employment contract underpins the funding of current social security systems in many cases. Many of the new forms of economic activity and employment that have emerged with the development of digital technology seem to fall outside the scope of employment contracts. The EESC feels that this situation is extremely dangerous for workers that are subject to these conditions, as they are no longer protected by the legislation on salaries, working conditions and social security.

1.3. The EESC believes that the Member States should consider introducing a requirement into their legislation governing pension schemes making it mandatory to pay contributions for all individuals generating professional income. This is imperative given that, in many situations, workers in the new forms of employment arising from digitisation are not appropriately covered by current legislation on pension systems.

1.4. The EESC considers that the Member States should consider linking up the electronic systems of their national pension schemes, or health insurance schemes, with those of their tax administrations. This would enable Member States to quickly identify the people who, although they are receiving income from gainful employment, do not have the status of insured in the public pension system or in the health insurance system.

1.5. Member States' national social protection systems also cover other rights that entitle the beneficiaries to receive benefits. These include parental leave, family allowances, child benefits and other types of benefits. Although these entitlements are often non-contributory, the related benefits are granted on the basis of eligibility, which, in many cases, requires that the potential beneficiary has the status of employee. The EESC calls on the Member States to seek solutions that ensure adequate coverage of these benefits among workers in the new forms of employment.

1.6. The EESC believes that a comprehensive solution to the problems related to the recognition of social security entitlements for workers in the new forms of employment could be found by overhauling the way in which the system is funded. The EESC calls on the Member States to explore ways of funding social security systems that not only ensure the sustainability of those systems, but also meet the need to provide access to them to people engaged in the new forms of work. To ensure the sustainability of the social security systems in the future and to reduce the burden on the labour force, it should be examined whether part of the digitisation dividend could be used for this purpose.

1.7. The EESC considers it imperative that the debate launched by the European Commission on developing a European Pillar of Social Rights also encompass the situation of workers engaged in the new forms of employment and, above all, look at how to recognise their status and ensure they have adequate access to social security and social protection systems.

## 2. Background — Digitisation and its effects on social security and social protection systems

2.1. Digitisation is creating profound changes in the economy, labour markets and in society at large at national, regional and global levels. While acknowledging its obvious benefits, it is clear that digitisation will challenge many structures of society and the economy and can have a negative impact on certain sectors, if they fail to adapt to the new landscape. One of the sectors in which digitisation could have a negative impact is the social security system.

2.2. Europe's social security systems, as we know them today, were built over a century ago. They are based to a large extent on a direct relationship with the labour market, being largely funded by contributions paid by workers and employers and, to various degrees, through taxation. In many Member States, the essential prerequisite underpinning a worker's insured status as regards the three main pillars of the social security system — pensions, health and unemployment — is the existence of an officially registered individual contract of employment.

2.3. Digitisation has brought about and continues to bring about significant changes in the labour market. These changes can be seen in the heterogeneity of the forms of employment that are distinct from those based on individual permanent employment contracts, which have dominated employment relationships for decades. Indeed, these new forms of employment, hidden under titles such as 'independent contractor' or 'associate' have been created, in some cases, precisely for the purpose of getting around the traditional concepts of 'employee', 'entrepreneur' and 'self-employed' <sup>(1)</sup>. Social security systems will thus need to adapt if they are to continue to be sustainable and sufficient in the long term.

2.4. As workers from the so-called baby-boom generation leave the labour market and are, to a certain extent, replaced by workers employed on the basis of new forms of work, such as zero-hours contracts, on-call contracts and civil law contracts, social security and social protection systems will come under pressure. This pressure is set to increase as the ageing of Europe's population continues to increase.

2.5. It is thus clear that social security and social protection systems will have to be adapted to the changes that digitisation is already bringing about in the labour market. In some Member States, the social partners have begun the dialogue needed to identify the various policy options and the measures that need to be taken if they are to be implemented, in order to ensure that the welfare system remains viable and sufficient in the new digital era. Guidelines are also needed to clarify any grey areas related to employment status as regards taxation and social security.

2.6. A growing share of the workforce may not be contributing to, or benefiting from, established social security systems such as unemployment, health and pension benefits. This situation needs to be tackled resolutely by the social partners and governments in the Member States. The debate also needs to be extended across the EU and involve local authorities, other civil society players, associations and providers, with a view to framing viable and sustainable policy measures and legislation and complementary measures that ensure sufficient social protection for the entire workforce — including the self-employed.

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<sup>(1)</sup> EESC-ILO conference on *The future of work we want*, Brussels, 15-16 November 2016.

### 3. Policies for ensuring sustainable social security and social protection systems in the digital era

3.1. Digitisation has brought about and continues to bring about major changes in the labour market. There are now many forms of employment which do not fall within the framework of traditional employer-worker relationship, such as platform workers, who are often considered to be self-employed. This phenomenon is putting great pressure on social security systems. The EESC recommends that the Member States address and, if necessary, regulate these phenomena when reforming labour market and social security systems.

3.2. Labour law across most Member States has established that the basis of the employment relationship lies in the individual employment contract. Many of the new forms of employment that have emerged with the development of digital technology no longer use employment contracts. The EESC feels that the situation of these workers should be clarified so that they can be granted adequate coverage, in line with the fundamental principles of national systems, as regards the labour market and social security. Losing their job would plunge those workers directly into poverty, as they would not be protected by the social protection system.

3.3. Public pension systems in the Member States are based on the principle of solidarity between generations. However, the amount of the career-based pension is calculated, as a general rule, on the basis of the amount of the contributions paid by the worker and their employer throughout the period of active employment. This means that workers that engage in non-standard work, which is not based on a regular employment contract, will, in many cases, struggle to accumulate adequate pension rights for the periods concerned. If people engage in such non-contract-based work for prolonged periods, this will greatly reduce the level of their pension entitlement, and there is a danger that they will fall below the poverty line. The EESC believes that the Member States should introduce a requirement into their legislation governing pension schemes making it mandatory to pay contributions for all individuals generating professional income.

3.4. Most Member States' pension legislation obliges self-employed workers to pay pension contributions. The definitions of self-employed and employed work are governed by tax law or labour law. However, in many cases, the authorities find it difficult to establish the nature of the work, especially where workers are engaged in the new forms of employment. The EESC recommends that the Member States clarify their legislation, where necessary, to ensure that forms of employed work can be identified more easily. In this way, online workers and workers in other new forms of work can be identified more easily, and Member States will be better able to safeguard their accumulation of pension rights.

3.5. In order to be able to identify more easily those workers who, due to the fact that at a given time they were engaged in a new form of employment, do not have the status of insured under the public pension system, the EESC considers that the Member States should consider linking up the electronic systems of their national pension schemes with those of their tax administrations. This would enable Member States to quickly identify the people who, although they are receiving income from gainful employment, do not have the status of insured in the public pension system. They could thus be quickly included among the ranks of the insured.

3.6. With regard to unemployment insurance, the EESC recommends further examining the current proposal that an insurance scheme be established at EU level <sup>(2)</sup>, if such an insurance scheme would be funded by a contribution paid by all companies in the EU. Moreover, the possibility should also be examined of setting EU-wide minimum standards for national unemployment schemes, in part to ensure that any person seeking employment can benefit from financial support, including those that have engaged in new forms of employment.

3.7. National health insurance systems in the EU provide almost universal coverage. Self-employed workers often have a legal obligation to pay a contribution to the public health insurance system and thereby attain the status of insured or beneficiary. However, some of the workers engaged in one of the new forms of employment, who do not officially declare their professional income, are at risk of not being deemed insured under the public health insurance system. The EESC calls on the Member States to take the necessary measures to ensure the coverage of people in this situation.

3.8. In addition to social security entitlements based on the payment of contributions by the employee and their employer, some Member States' national social protection systems also cover other rights that entitle the beneficiaries to receive benefits. These include parental leave, family allowances, child benefit and other types of benefit. Although these

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<sup>(2)</sup> OJ C 230, 14.7.2015, p. 24.

entitlements are non-contributory, the related benefits are granted on the basis of eligibility, which, in some Member States and in some cases, requires that the potential beneficiary has the status of employee. This de facto excludes workers engaged in new forms of work, who cannot benefit from the recognition of these entitlements.

3.9. The EESC believes that the EU institutions and the Member States should make efforts to find solutions as regards the recognition of worker status for people engaged in professional activities within the new world of work arising from the digital era. To this end, the EESC recommends drawing on European Court of Justice case-law, which has recognised the status of worker in the case of people who, although without a standard contract of employment, were carrying out an activity within a remunerated relationship of dependency. Recognition of the status of worker for such persons could hold the key as regards their ability to access benefits under the social security and social protection system in the same way as traditional workers.

3.10. The EESC has welcomed the debate launched by the European Commission on developing a European Pillar of Social Rights. It is imperative that this debate also encompass the situation of workers engaged in the new forms of employment and, above all, look at how to recognise their status and ensure that they can access adequate benefits provided by social security and social protection systems.

3.11. The EESC recommends that the Member States set up platforms involving the social partners and civil society organisations to draw up proposals with regard to adapting the labour market to the digital era. In order to address the challenges brought about by the digital era, the EESC is of the view that the labour market needs to adapt to the new situation, and ensure both the free movement of labour and coverage for workers by social security schemes and legislation on working conditions.

3.12. Given the complexity of the situation pertaining to workers in the new forms of employment specific to the digital era, the EESC believes that a comprehensive solution to the problems related to the recognition of social security entitlements for these people could be found by overhauling the way in which the system is funded. The EESC therefore calls on the Member States to explore ways of funding social security systems that not only ensure the sustainability of those systems, but also meet the need to provide access to them to people engaged in the new forms of work. To ensure the sustainability of the social security systems in the future and to reduce the burden on the labour force, it should be examined whether part of the digitisation dividend could be used for this purpose.

Brussels, 6 December 2017.

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

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**Opinion of the European Economic and Social Committee on ‘Cooperation with civil society to prevent the radicalisation of young people’**

**(own-initiative opinion)**

(2018/C 129/03)

Rapporteur: **Christian MOOS**

Consultation	27.4.2017
Legal basis	Rule 29(2), Rules of Procedure
Section responsible	Employment, Social Affairs and Citizenship
Adopted in section	8.11.2017
Adopted at plenary	6.12.2017
Plenary session No	530
Outcome of vote (for/against/abstentions)	138/0/12

## 1. Conclusions

1.1. Preventing the radicalisation of young people requires a long-term commitment from various players, and civil society organisations play a major role in the process. Civil society contributes to social and values-based resilience against radicalisation.

1.2. Member States and EU institutions need to be more aware of civil society players as partners instead of using them as tools in combating violent extremism. Best practices, programmes and other prevention initiatives already exist in all fields of radicalisation prevention, but they do not get enough sustainable, long-term support and are vulnerable to budget cuts.

1.3. The EESC is in favour of adopting a multiagency approach to preventing radicalisation that requires extensive capacity-building in all relevant sectors. It brings together policy-makers, national institutions such as police and prisons, social workers (especially youth workers), academia and the media, entrepreneurs and companies, as well as representatives of organised civil society, including organisations representing families and social partner organisations, and with a particular focus on youth organisations.

1.4. There is a need for more national and European support for civil society organisations, for more sustainable, long-term budgetary resources, and for EU-wide coordination, networking and policy implementation. Therefore, the ‘EU Strategy for Combating Radicalisation and Recruitment to Terrorism’ needs to give even more consideration to involving and supporting civil society stakeholders, as politics and society do indeed share responsibility for combating radicalisation. The Civil Society Empowerment programme, launched under the EU internet Forum, could be an encouraging initiative in this context <sup>(1)</sup>.

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<sup>(1)</sup> The call was launched on 4 October: <http://ec.europa.eu/research/participants/portal/desktop/en/opportunities/isfp/topics/isfp-2017-ag-csep.html>

1.5. Civil society and social partner structures need to be more involved with the Radicalisation Awareness Network <sup>(2)</sup>. Member States should be more proactive encouraging RAN-like structures at regional or local level.

1.6. The EU Radicalisation Awareness Network (RAN) and the tools made available by the Commission are a step in the right direction but need to be geared more to local civil society structures and be better staffed and resourced in order to effectively bring together experts from the public sector and organised civil society.

1.7. Member States should make full use of the EU's instruments and programmes for preventing radicalisation, including the European Strategic Communications Network — a collaborative network of 26 Member States which shares analysis, good practice and ideas on the use of strategic communications in countering violent extremism <sup>(3)</sup>.

1.8. Trade unions have an important role to play, as they represent workers in all relevant public sectors. Front-line staff in particular must be educated in the prevention of radicalisation, in close cooperation with expert civil society bodies.

1.9. The EESC welcomes the creation of the High-Level Commission Expert Group, which will assist the Commission in strengthening the response to radicalisation and violent extremism by means of better policy coordination and the involvement of all relevant stakeholders, including civil society.

1.10. Specific advice, support services and networks that help to identify signs of radicalisation, while at the same time preventing any kind of discrimination, must be made accessible not only to staff of public services such as schools, but also to families.

1.11. The EESC highlights the importance of inclusive formal and non-formal education, which is absolutely essential for active participation in a diverse society, teaching critical thinking and media literacy as well as contributing to society's resilience against anti-democratic, xenophobic and populist tendencies that in some cases are gaining more and more influence on main stream political discourse as it adapts to xenophobic sentiments and views.

1.12. In efforts to prevent the radicalisation of young people, there is a need for particular attention to, and investment in civil society's youth work and youth organisations providing alternative identification structures and opportunities, as well as a safe space for dialogue including active listening and personal expression.

1.13. Investment in tackling the very high rates of youth unemployment and very widespread job instability in many EU countries must also be viewed as a way of preventing radicalisation. In addition, the EESC calls for a higher priority to be given to greater investment in combating poverty and to the integration of young people into society, the education system and the labour market.

1.14. The EESC underlines the vital role played by, and the social responsibility of, religious communities in the prevention of radicalism, and calls for more strategic engagement in defending the rules and values of liberal democracy and in promoting values-based intercultural dialogue, peace and non-violence.

1.15. Active partnerships with business can contribute to the prevention of radicalisation. Social media businesses also need to get involved in countering hate speech, alternative facts and extremist narratives in their media outlet.

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<sup>(2)</sup> The Radicalisation Awareness Network is an EU-funded project which brings together practitioners from around Europe working on the prevention of radicalisation. For more information: [https://ec.europa.eu/home-affairs/what-we-do/networks/radicalisation\\_awareness\\_network\\_en](https://ec.europa.eu/home-affairs/what-we-do/networks/radicalisation_awareness_network_en)

<sup>(3)</sup> The objective of the ESCN is to facilitate a Network of European Member States to share best practice and insights on the use of strategic communications in countering violent extremism and to advise Member States, by offering free, bespoke and confidential consultancy on how to apply a strategic communications approach to develop their own domestic capacity to challenge violent extremist influence at the pace and scale required.

1.16. The EU should demonstrate its strong interest in preventing radicalisation and cooperate more closely with civil society organisations in third countries.

1.17. It is important to shut down financial flows supporting extremist structures within the EU as well as from third countries which counteract efforts by public authorities and civil society to prevent radicalisation.

## 2. Background

2.1. This opinion deals with long-term, effective measures taken at an early stage to prevent the radicalisation of young people. For the purpose of this opinion, radicalisation is understood as a process through which individuals or groups become extremists<sup>(4)</sup> eventually using, promoting or advocating violence for their aims. Radicalisation leading to violent extremism is a specific process not to be confounded with political radicalism or non-violent radical ideas or actions or legitimate democratic opposition. It is inextricably linked to violent extremism, as described in the 2015 European Parliament resolution, and it can surface in different societal contexts. The opinion highlights important activities undertaken by civil society projects and cooperation between government bodies, social partners, and civil society and calls for continuing work on a coherent EU-concept, including sustainable and effective European support, funding and coordination.

2.2. The EESC would like to point out that there is a need to work on the common definitions and understanding across EU Members States and within academia of the phenomena of radicalisation, or violent, anti-democratic action, or terrorism, and the links between these concepts. Therefore, the EESC aims to continue to explore these subjects from the civil society perspective to provide further perspectives to this subject.

2.3. Violent extremism motivated by radical ideologies has many faces, but many of them are young. Often it is young people, who come from a wide range of socioeconomic backgrounds and with vastly different levels of education, who are recruited. Young women are increasingly being recruited too.

2.4. Young people vulnerable to radicalisation that can lead to violent extremism often feel excluded and marginalised by society, or confused by identity issues and change. Radical ideologies often claim to provide guidance, direction and support in daily life and compensate for feelings of inferiority due to various reasons. This is where civil society can play a major role by providing alternatives and, more generally, contribute to a sustainable social and values-based resilience against radicalisation.

2.5. The process of radicalisation can be very quick, often taking place within a few weeks or months. Social media play an important role, providing anonymous and rapid platforms for recruitment and for disseminating propaganda.

## 3. General comments

3.1. Member States are primarily responsible for their domestic security. However, European coordination and implementation of appropriate measures will be made more difficult if coordination at interinstitutional level is unclear and there is no overarching approach. This is increasingly problematic given that terrorism and radicalisation are cross-border in nature, requiring greater EU-wide coordination, networking and policy implementation.

3.2. Since 2005, all EU anti-radicalisation initiatives have been implemented in accordance with the EU Strategy for Combating Radicalisation and Recruitment to Terrorism, which was updated in 2008 and more recently in 2014. The EU strategy is also reflected in the two communications of 2014<sup>(5)</sup> and 2016<sup>(6)</sup>, as well as in several Council Conclusions<sup>(7)</sup>, the European Parliament's report of 2015 and the Committee of the Regions' opinion of 2016<sup>(8)</sup>. The EU strategy needs to give even more consideration to getting civil society stakeholders involved and supporting them. Politics and society have a

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<sup>(4)</sup> Expression should be used carefully. It covers different phenomenon like left- and right-wing extremism or religious fundamentalism that aims at illegal or violent action. Term is prone to misinterpretation and political abuse. Extremist views can also exist in the middle of society.

<sup>(5)</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2013:0941:FIN>

<sup>(6)</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2016%3A379%3AFIN>

<sup>(7)</sup> For instance on criminal justice (November 2015), on youth and radicalisation (June 2016), on media literacy and critical thinking (June 2016) and on the prevention of radicalisation leading to violent extremism (November 2016).

<sup>(8)</sup> OJ C 17, 18.1.2017, p. 33

shared responsibility to tackle the discontent that young people feel with the values of the liberal democratic system, and to combat their radicalisation.

3.3. The European Commission can take credit for recognising at a very early stage the importance of an overarching approach to preventing radicalisation. The Commission has declared its support for the EU-wide exchange of experience and best practices through RAN. In the European Agenda on Security of 28 April 2015<sup>(9)</sup>, the Commission provided for the establishment of a RAN Centre of Excellence, which was set up on 1 October 2015. Special mention should also be made of the EU internet Forum launched on 3 December 2015. The revised guidelines for the EU Strategy for Combating Radicalisation and Recruitment to Terrorism of 24 May 2017<sup>(10)</sup> tie in more effectively with the experiences and recommendations of RAN and, therefore, aim to increase the involvement of civil society in a multiagency approach, too.

3.4. In its Communication on the prevention of radicalisation leading to violent extremism<sup>(11)</sup>, the European Commission announced that it would put forward a proposal for a Council Recommendation on promoting social inclusion. The EESC supports these plans and encourages the European Commission to draft and present such a proposal in the near future.

3.5. With a view to enhancing efforts to prevent and counter radicalisation leading to violent extremism and terrorism and to improving coordination and cooperation between all relevant stakeholders, the Commission has established a group of high-level experts in the field of preventing and countering radicalisation (High Level Commission Expert Group on Radicalisation). This group will advise on the further development of EU policies in the area of preventing radicalisation leading to violent extremism and terrorism, and on options for more structured cooperation in future between the various stakeholders, including practitioners and Member States, in this field.

3.6. Nonetheless, the EESC views EU and Member State initiatives to prevent radicalisation, as well as the steps taken to implement them, as still being insufficient. Many of current EU policies put too much focus on civil society organisations as tools (rather than partners) in combating violent extremism (e.g. as tools for developing counter-narratives online). It also sees them as being driven mainly by 'crisis' events such as the terrorist attacks over recent years, with the result that they appear to have focussed predominantly on Islamist terrorism and a short-term, punitive security policy<sup>(12)</sup> when in reality there are more extremist threats that abuse religions as justification and from extremist political groups. Instead we must invest in sustainable and long-term prevention efforts. In its opinions on 'The EU Counter-Terrorism Policy' (2011)<sup>(13)</sup> and on the EU Agenda 2030<sup>(14)</sup>, the EESC had already called for civil society and local stakeholders to be more involved and for them to be given further institutional support<sup>(15)</sup>, as they play a major role in developing trust, social engagement and democratic inclusion locally, regionally and nationally.

#### 4. Specific remarks

4.1. The EESC is strongly in favour of adopting a multiagency approach to preventing radicalisation. This will require extensive capacity-building in all relevant sectors. Thus, the multiagency approach brings together policy-makers, national institutions such as law enforcement authorities and prisons, social workers, academia and the media and representatives of organised civil society, as well as social partner organisations in the field, such as police, prison and teachers' trade unions.

4.2. The EESC underscores the role of civil society in combating radicalisation and notes that its overall contribution must not be limited by security policy considerations. The present opinion cites examples of civil society activities and projects that contribute to greater social sustainability and inclusion. This is one of a number of areas where civil society makes a major contribution that goes far beyond any conceivable security policy measures.

<sup>(9)</sup> COM(2015) 185 final, COM(2013) 941 final.

<sup>(10)</sup> <http://data.consilium.europa.eu/doc/document/ST-9646-2017-INIT/en/pdf>

<sup>(11)</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52016DC0379>

<sup>(12)</sup> See also [http://www.europarl.europa.eu/RegData/etudes/STUD/2017/583124/IPOL\\_STU\(2017\)583124\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2017/583124/IPOL_STU(2017)583124_EN.pdf)

<sup>(13)</sup> OJ C 218, 23.7.2011, p. 91 and OJ C 211, 19.8.2008, p. 61.

<sup>(14)</sup> OJ C 34, 2.2.2017, p. 58.

<sup>(15)</sup> On the increased measures taken at local level, see CoR opinion on combating radicalisation and violent extremism: prevention mechanisms at local and regional level (OJ C 17, 18.1.2017, p. 33).

4.3. The EESC therefore welcomes the network of policy-makers for prevention at national level, set up by the Commission in February 2017, which is aimed at increasing the exchange of knowledge and experience in Member States and stepping up Member States' participation in RAN's activities. The newly created High-Level Commission Expert Group on Radicalisation is a further step towards strengthening this exchange among all relevant stakeholders.

4.4. Member States should make full use of the EU's instruments and programmes for preventing radicalisation, and should themselves provide adequate budgetary resources, of which there is a shortage almost everywhere. If the results are to be sustainable, measures to prevent radicalisation require a long-term commitment.

4.5. Trade unions play an especially important role, as they represent among others front-line staff in all relevant sectors and can provide training and services to their members. The EESC therefore also calls for public services and social workers to be properly staffed and resourced at all levels, especially at local level. For example, increasing police presence in places at risk of crime can prevent the emergence of lawless spaces with intense levels of violence.

4.6. Inclusive formal and informal education is critical for active participation in society. It can establish tolerant and pluralistic societies by promoting an awareness of liberal and humanistic values and standards based on democracy and the rule of law. School, education and vocational training as well as youth work initiatives are key institutions which can play a role in early prevention of radicalisation if they teach critical thinking and media literacy<sup>(16)</sup> and, in combination with functioning labour markets, promote social integration by offering good prospects, particularly for young people. Good education and training systems alone cannot prevent radicalisation, but they can increase resilience against it.

4.7. Educational work must also be stepped up beyond the state school system, too, and relevant civil society initiatives must be given even more support in order to create intercultural awareness and, at the same time, a clear commitment to freedom, liberal democracy and the rule of law. An informed approach to different cultures and world regions particularly in the context of the migration crisis, but also conveying a non-negotiable understanding of our society's values such as the role of men and women, based on equality and equal opportunities, can actively contribute to prevention.

4.8. More particularly, there should be more investment in civil society's youth work and youth organisations that provide cultural, sporting, and other leisure time activities, with a view to providing alternative identification structures and opportunities, as well as safe spaces for dialogue and personal expression.

4.9. In addition to the state education sector, organised civil society in particular makes a major contribution to developing high-quality counter-messaging and counter-narratives to the 'offers' made by radical groups, as the EESC has already pointed out<sup>(17)</sup>. Religious communities and, above all, witnesses, victims and survivors from conflict regions as well as those who have abandoned extremist groups, can make a valuable contribution by acting as role models. It is precisely because they have a key role to play in preventing radicalisation that education systems, civil society and local authorities need much more help, support and funding over the long term.

## 5. Specific recommendations

5.1. In particular, the Committee supports the initiative to promote dialogue with policy-makers at European and national level and calls for a formal framework for regular exchanges to be set up at all levels, ensuring that RAN can provide the Member States and European institutions with practical recommendations. In addition, more systematic dissemination of its recommendations and outcomes could maximise its impact across all levels. The High-level Expert Group on radicalisation will provide recommendations in this respect.

5.2. In this connection, the EESC welcomes the idea of putting together overviews in each Member State of existing prevention and exit programmes. Such overviews could also be made available at European level for example through RAN, with a view to improving dialogue between government bodies and civil society stakeholders, creating synergies and avoiding duplication among programmes. Information about these initiatives needs to be significantly improved across the EU.

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<sup>(16)</sup> Paris Declaration.

<sup>(17)</sup> OJ C 211, 19.8.2008, p. 61.

5.3. Civil society and social partner structures that are interested or already active in the prevention of radicalisation should be more involved in the RAN. Therefore, RAN-like structures at regional or local level need to be further encouraged by Member States.

5.4. Civil society stakeholders and government bodies, associations, including sports clubs and organisations representing families, schools, youth organisations and activities, religious communities, social services and the police need to work together by adopting a joined-up, interdisciplinary approach, so that strategies to prevent radicalisation can be initiated at an early stage. Therefore front-line staff in particular, in all relevant fields, need to be educated in the prevention of radicalisation, in close cooperation with expert civil society structures. In addition, relevant advisory bodies and networks must be made accessible to staff, helping to identify signs of radicalisation while at the same time preventing any kind of discrimination.

5.5. Local authorities and their administrations have a particularly important role to play in prevention, since they are able to bring together all stakeholders locally. Existing funding mechanisms at EU and national level must be strengthened and be made more accessible through lower bureaucratic barriers, and extensive sustainable fundings must be added.

5.6. The EESC calls for more investment in education, training systems, youth work and leisure time facilities that promote integration and the democratic values shared throughout the EU.

5.7. Member States do not invest nearly enough in providing excellent opportunities for young people and thus in tackling radicalisation, which can be fed by social marginalisation and a lack of opportunities, caused for example by dropping out from educational systems. Overall, measures to tackle the very high rates of youth unemployment and precarious employment conditions in many EU countries must also be viewed as way of preventing radicalisation.

5.8. Issues such as identity, gender-specific and cultural conflicts connected to roles, the scope for socioeconomic conflict and immigration as well as discrimination, social exclusion and bullying, which can be exploited in extremist propaganda and by extremist groups, should be given greater consideration in school education and the training programmes of state employees, such as those of law enforcement authorities and prisons. However, core subjects in this connection, such as civic education, are given too little consideration in the study curricula of many EU countries. It continues to be vital to develop media skills in the use of the internet and social media among young people, parents and teachers.

5.9. It is not only young people affected by poverty or unemployment who are vulnerable to radicalisation, but material deprivation and lack of opportunities and active participation may lead to social exclusion, which can in turn become a gateway for radical recruiters. In addition to greater investment to tackle poverty, the EESC <sup>(18)</sup> calls for higher priority to be given to the integration of young people into society, education systems and the labour market. The EESC reiterates its call for robust integration systems in Member States, which facilitate access to the labour market, recognition of qualifications and the provision of vocational and language training as integration tools and rejects any kind of ethnic and religious discrimination <sup>(19)</sup>.

5.10. Specific advice and support services are very important for the families of young people being radicalised. Similarly, if these families detect changes in young relatives that point to radicalisation, they must have access to relevant contact persons and networking. Given their accessibility, civil society organisations and initiatives especially need support in designing programmes for dialogue and knowledge exchange with marginalised young people and their families.

5.11. Programmes to combat domestic violence help prevent radicalisation, because experiences of domestic violence can create false role models and a false understanding of roles, often encouraging criminality. They also need further institutional and financial support.

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<sup>(18)</sup> OJ C 170, 5.6.2014, p. 23.

OJ C 173, 31.5.2017, p. 15.

<sup>(19)</sup> OJ C 125, 21.4.2017, p. 40.

5.12. Active partnerships with business can contribute to prevention. This is especially true for the ICT sector. Innovative tools, such as those offered by social media and internet, can help disseminate counter-narratives through low-cost or ideally cost-free options. Businesses can help civil society organisations and practitioners avail of their professional communication and media skills and support development of targeted advertising and campaigns.

5.13. At the same time, online providers need to be involved in countering hate speech, alternative facts and extremist narratives in their media outlets and should be obliged to remove illegal extremist content from their sites. However, the monitoring of communications should not be developed into an instrument that can impinge on the privacy of the general public<sup>(20)</sup>.

5.14. Member States are called upon in this connection to develop the communication and media skills of civil society stakeholders so that appropriate measures to counter the dissemination of radical content that incites violence can be developed and made available to other professionals and projects. One way to reach this objective would be for Member States to contribute on a sustainable basis to the Civil Society Empowerment Programme.

5.15. The EESC calls for more research funding, which the EU already makes available through its research programmes for preventing radicalisation — in connection with the RAN Centre of Excellence for example — and for more networking between academia and civil society experts in the field.

5.16. Radicalisation very often takes place within the prison system. The prison environment combines a number of risk factors such as concentration of people, personal situations of exclusion, excessive availability of time, etc. There is a need for proactive intervention to facilitate the proper training of prison workers and enable them to detect situations of risk. There are positive experiences to be found in this area, as well as good mechanisms to prevent such situations. To achieve this, prisons need to be appropriately sized and staffed with qualified personnel, and must have an appropriate ratio of prison workers to prisoners to help promote rehabilitation. The role of trade unions in this sector could be further strengthened, e.g. in organising training and disseminating lessons learned via RAN.

5.17. Public officials from the security authorities, prisons, social work and schools and other relevant state institutions which have many links with organised civil society, must adopt a multiagency approach, moving beyond punitive measures with more training on prevention and awareness-raising on the subject. To this end, expertise and resources can be made available at European level and targeted cooperation with civil society promoted.

5.18. Cooperation between governmental and non-governmental bodies on the reintegration of former prisoners needs to be stepped up in order to ensure their successful social rehabilitation. Many radicalised young people share a criminal past.

5.19. The integration of former prisoners into the labour market is made difficult by the stigma often associated with a prison sentence. It is, however, an important step towards preventing radicalisation. The social partners (mainly employers in this case) are called on to make a contribution here by offering a second, and often a first, chance to those affected.

5.20. The EU should demonstrate its strong interest in preventing radicalisation and cooperate more closely with civil society organisations in third countries that pose a high risk of radicalisation and that may be or will become hot spots for radicalisation too.

5.21. More specifically, the EU's external action on counter-terrorism and state and societal resilience, as outlined in the EU Global Strategy for Foreign and Security Policy, stresses the need to foster intercultural and interreligious dialogue by broadening partnerships with civil society, social organisations, religious communities and the private sector in those countries. There is a high risk that civil society efforts could miss the mark, as external actors in third countries exert considerable influence, for instance by financing violent extremist movements in EU Member States and in its neighbourhood. Such financial flows must be shut down.

Brussels, 6 December 2017.

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

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<sup>(20)</sup> OJ C 218, 23.7.2011, p. 91.

**Opinion of the European Economic and Social Committee on ‘Civil society’s contribution to the development of a comprehensive food policy in the EU’**

**(own-initiative opinion)**

(2018/C 129/04)

Rapporteur: **Peter SCHMIDT**

Plenary Assembly decision	23.2.2017
Legal basis	Rule 29(2) of the Rules of Procedure Own-initiative opinion
Section responsible	Section for Agriculture, Rural Development and the Environment
Adopted in section	21.11.2017
Adopted at plenary	6.12.2017
Plenary session No	530
Outcome of vote (for/against/abstentions)	131/3/7

## 1. Conclusions and recommendations

1.1. The EESC reiterates its call for the development of a comprehensive food policy in the EU, with the aim of providing healthy diets from sustainable food systems, linking agriculture to nutrition and ecosystem services, and ensuring supply chains which safeguard public health for all sections of European society. A comprehensive EU food policy should improve coherence across food-related policy areas, restore the value of food and promote a long-term shift from food productivism and consumerism to food citizenship.

1.2. The current EU policy framework is not suited to making the transition to more sustainable food systems, in order to ensure the effective implementation of the UN Sustainable Development Goals (SDGs) as well as of the right to food and the other human rights. While the current policy frameworks may have been successful in addressing individual problems, they do not provide the collective coherence needed to address the range of challenges that global and EU food systems are expected to face in the future. The EESC highlights that existing EU policy tools need to be realigned and harmonised in order to deliver environmentally, economically and socio-culturally sustainable food systems. The EESC also reiterates that a comprehensive food policy should be complementary to — not replace — a reshaped CAP<sup>(1)</sup>.

1.3. The EESC stresses the need to maintain a culture that values the nutritional and cultural importance of food, as well as its social and environmental impact. In this respect, the rich array of food and regional/local specialities available in the EU is a real asset and, as such, should be further valorised. A comprehensive food policy should foster an increased appreciation of food by consumers, promote food waste prevention and reduction, and help reintegrate and realign the price of food with other values. In particular, it should ensure fair prices for producers so that farming remains viable.

1.4. The EESC emphasises that all stakeholders across the food supply chain have a role to play in the development of a comprehensive framework, so as to achieve a fair distribution along the chain. No individual sector can do this alone. A comprehensive food policy should harness industry and retail power to accelerate the consumer shift towards sustainability. The transition to sustainable food systems also requires engaged consumers to become active food citizens. This also means

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<sup>(1)</sup> EESC opinion on ‘A possible reshaping of the CAP’ (OJ C 288, 31.8.2017, p. 10).

that a comprehensive food policy must ensure that the European agri-food sector is able to sell at quality levels that maintain its position as the preferred choice for the vast majority of consumers.

1.5. The EESC acknowledges the increasing number of initiatives being implemented at regional and local level to support alternative food systems. These initiatives establish closer links between producers and consumers, create opportunities for local businesses and new jobs, and reconnect communities with their food. The EESC also highlights the role of cities in developing more integrated food policies. A comprehensive food policy should build upon, stimulate and develop common governance at all levels — local, regional, national and European. This would create an enabling framework for these initiatives to flourish, whatever their scale.

1.6. The EESC calls for a new smart system on sustainable food labelling. Policies have focused on nutrition and other health claims, but the EESC notes rising concerns about the lack of consumer information on the environmental and social impact of food. The food industry is aware that it can tackle environmental impacts up to a point, but ultimately consumers need to be engaged and information must be provided.

1.7. In order to support the establishment of a comprehensive framework bringing together EU food-related policies, the EESC proposes in the short/medium-term to create a cross-sectorial and interinstitutional task force, involving different Commission DGs and other EU institutions. This task force would be responsible for developing an Action Plan on Food Sustainability, with the aim of helping the EU implement food-related SDGs. The Action Plan should be developed through a participatory process involving stakeholders across the food supply chain, civil society and researchers. The EESC would suggest organising and developing a space for civil society to get involved and actively participate in this process.

1.8. In particular, the EESC recommends developing an EU sustainable food scoreboard, which would allow food systems challenges to be addressed through a multiyear approach, thereby promoting policy alignment at different levels of governance. The scoreboard would provide indicators and would thus encourage and monitor progress towards meeting targets set.

1.9. In the longer term, and depending on the task force's conclusions, the EESC encourages the Commission to explore the feasibility of creating a dedicated DG for Food, which would provide a clear centre for EU responsibilities on all food-related policies and be the source of regulation, legislation and enforcement as appropriate. Such a structure could be mirrored in all EU Member States with dedicated ministries on food.

## 2. Introduction

2.1. In its exploratory opinion on 'More sustainable food systems', prepared at the request of the Netherlands EU Presidency in 2016, the EESC called for a comprehensive food policy to promote a transition to more sustainable food systems and to ensure better coherence between food-related policy objectives (such as sustainable agricultural production, healthy diets, environmental protection, fairer trade relations, etc.). This opinion builds on its recommendations to further develop the rationale and the vision for a comprehensive framework.

2.2. In the meantime, the momentum for a more holistic approach to food policy has also grown. The UN has declared this to be the Decade of Action for Nutrition, acknowledging the need to reshape food systems to achieve healthier diets and improved nutrition. The High Level Panel of Experts of the Committee on World Food Security further emphasised this imperative in its September 2017 report <sup>(2)</sup>. At EU level, the Committee of the Regions recently adopted an opinion calling for a comprehensive, sustainable EU food policy that links up different food-related policy areas. The International Panel of Experts on Sustainable Food Systems (IPES Food) launched a 3-year participatory process with the aim of developing a vision for a common food policy by 2018, involving scientific groups, stakeholders, civil society organisations and policy makers. A wealth of cross-sectorial initiatives at national, regional and local level are already changing European food systems with the active participation of civil society.

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<sup>(2)</sup> HLPE, 2017. Nutrition and food systems.

2.3. The EESC believes that the implementation of the SDGs in Europe is key in the drive towards a comprehensive approach that encompasses different policy areas (agriculture, health, environment, trade, development, innovation, etc.) and governance levels (EU, national, local) and to achieving more sustainable food production and consumption patterns. The ongoing debate on the post-2020 Common Agricultural Policy (CAP) is also a key opportunity to ensure coherence between a reshaped agricultural policy and other food-related policy objectives<sup>(3)</sup>.

2.4. Some Member States (e.g. Finland, France, Germany, the Netherlands and Sweden) are becoming increasingly active on food-related policies with regard to health, environment and sustainability. The EESC warns against a situation where a different approach in different Member States becomes detrimental to consumers and businesses. The EESC considers this as an additional reason to call for a comprehensive framework at EU level.

### 3. Diagnosis — what is not working under the current policy framework

3.1. Growing scientific evidence has emerged regarding food's impact on health, the environment and on society as a whole. The 'food world' which the CAP was created to address has become more complex. Europe has no shortages, a success that is due to the CAP and rising incomes as well as improved production methods in the agricultural sector. Food employment and value-adding has shifted from the land and sea to factories, the retail sector and food services. The health agenda has broadened from under-consumption; today, inappropriate diets due to social inequalities and 'new' food poverty still exist but are outweighed by mass-scale non-communicable disease. These include heart disease, strokes, diabetes and obesity. Cardiovascular disease (CVD) causes 1,8 million deaths in the EU each year, 37 % of all EU deaths<sup>(4)</sup>. In 2015, nearly 49 million people were living with CVD in the EU.

3.2. European social trends have also brought great change to foods, tastes and cuisines. Consumption patterns and lifestyles have changed since the CAP was created. A culinary transition has affected women in particular, since historically they took and often still take much responsibility for food in the home. Changes in food technology have had both positive and negative social effects. Choices may have improved but Europe's diverse and rich cultural heritage is sometimes weakened. Food companies' large marketing budgets have generally encouraged consumers to eat 'ultra-processed' foods. Industry figures show that Belgians, for example, consume two thirds of their calories from pre-processed, packaged foods — even more than the British<sup>(5)</sup>. Public health agencies are concerned about the excess consumption of processed foods high in salt, sugar and fats. These can be cheap, which acts as an incentive to people on low incomes, who already have worse than average health. Diet thus contributes to European social inequalities<sup>(6)</sup>. During and since the Great Recession, Europe has witnessed a growth of charitable food donations. The provision of such emergency food aid must not replace Europe tackling social inequalities which create diet-related ill health.

3.3. Food's impact on the environment has been documented and acknowledged. Climate change is a recognised threat, and the EU strongly backed the 2015 Framework Convention on Climate Change agreed in Paris. The EU has also ensured better environmental regulation and damage prevention, for instance through the Water Framework Directive. Nevertheless, European food tastes are driving consumption patterns which involve high levels of hidden or 'embedded' water usage, posing threats to Member States<sup>(7)</sup>, and requiring a more integrated approach to land, farming and water<sup>(8)</sup>. It is of concern, too, that Europe's soils are fragile. The EU Joint Research Centre's modelling suggests that soil erosion by water has affected 130 million ha of the surface area of the EU 27; nearly 20 % of the surface area has soil loss in excess of 10 tonnes/ha/year<sup>(9)</sup>. Biodiversity loss is marked on both land and sea, where stock diversity is reported to be

<sup>(3)</sup> See footnote 1.

<sup>(4)</sup> <http://www.ehnheart.org/cvd-statistics.html>

<sup>(5)</sup> Euromonitor International, Passport Nutrition 2017.

<sup>(6)</sup> Oxfam (2015) A Europe for the many, not the few.

<sup>(7)</sup> E.g. Hoekstra & Mekonnen (2016).

<sup>(8)</sup> OECD (2014).

<sup>(9)</sup> <https://www.eea.europa.eu/data-and-maps/indicators/soil-erosion-by-water-1/assessment>

under pressure<sup>(10)</sup>. Despite this, Member States continue to advise consumers to eat fish for nutritional reasons without being aware of the environmental consequences.

3.4. Economically, the last 60 years have been judged a success. Food is ubiquitous. The average proportion of household expenditure that goes on food has dropped from 30 % to 15 %. Consumer prices have decreased by the emergence of giant food retail chains. But now economists are asking whether food prices reflect the true cost of production, or whether they fail to reflect certain costs fully. The EESC notes with interest the FAO's ongoing work on full cost accounting of agricultural costs<sup>(11)</sup>. Power imbalances in the food supply chain have also increased, leading to unfair trading practices and related consequences<sup>(12)</sup> and the share of consumer price to farmers has decreased.

3.5. The tendency to overproduce has brought prices down but has also institutionalised food waste. Whereas consumers in low-income countries of the world waste an estimated 8 % of food, consumers in the EU waste around a third of what they buy. The EU-funded Fusions project estimates that 88 million tonnes of food are wasted annually in the EU, costing EUR 143 billion<sup>(13)</sup>. This cultural dimension to food waste is not fully addressed by the circular economy approach, or the Roadmap to a Resource Efficient Europe, which are valuable for seeing food as a material entity, but fail to take account of its consumer or cultural value. A challenge for Europe is how to build a new concept of food citizenship around eating for sustainability.

3.6. Data and studies by both academics and the food industry have improved our understanding of how European food systems impact on society, the environment and health outcomes. Taken together, these suggest the need for a more integrated approach. While the current policy frameworks may have been successful in addressing individual problems, they do not provide the collective coherence needed to address the range of challenges that global and EU food systems are expected to face in the future. Food-related policies are largely developed in isolation from each other and often lack consistency. Policies at various governance levels are also disconnected from each other. One example which illustrates the need for a more integrated approach is antimicrobial resistance, which has spread through the use of antibiotics in animal husbandry and now threatens human health. The importance of an integrated food policy in relation to this issue was also highlighted by Commissioner Andriukaitis in a recent speech. Another example is the conflict between land use for food and land use for energy generation, housing and other pressures. Food waste, too, is partly an outcome of production efficiency gains; there is a constant and massive flow of food through the system. Appealing to rational consumer behaviour to resolve this does not work.

3.7. If the EU were 'reborn' today, it would create a comprehensive food policy that aims to create sustainable diets from sustainable food systems, linking agricultural production to nutrition and ecosystem services, and ensuring supply chains which safeguard public health for all sections of European society<sup>(14)</sup>. The policy challenge is how to engender the necessary change. Historically, EU policy has grown by a process of democratic modification, with more sudden change occurring due to crises, as happened with food safety in 2000, and the horsemeat scandal in 2013-2015.

#### 4. Civil society's role in developing more sustainable food policies

4.1. The EESC notes that wide sections of European society recognise the new structural challenges to EU food governance. The EU could move from adapting policy and reacting to situations, to taking a proactive approach. The CoR sets important precedents in its recent opinion. The rise of a new interest in creating better food policy for EU towns and

<sup>(10)</sup> <https://www.eea.europa.eu/highlights/fish-to-fork-a-need>

<sup>(11)</sup> [www.fao.org/nr/sustainability](http://www.fao.org/nr/sustainability)

<sup>(12)</sup> EESC opinion on 'Unfair business-to-business trading practices in the food supply chain' (OJ C 34, 2.2.2017, p. 130).

<sup>(13)</sup> [http://ec.europa.eu/food/safety/food\\_waste\\_en](http://ec.europa.eu/food/safety/food_waste_en)

<sup>(14)</sup> Mason & Lang (2017). Sustainable Diets. Abingdon: Routledge.

cities should now be factored into rural concerns. Many European cities are engaged with actions through food policy councils, urban networks for sustainability and/or climate change action, and the WHO Healthy Cities programme. The signing of the 2015 Milan Urban Food Policy Pact reflects this interest.

4.2. Recently, various kinds of reorganisation of the food supply chain have occurred, with the aim of reconnecting producers and consumers and localising agricultural and food production. These include community-supported agriculture, short supply chains, alternative food networks, local farming systems and direct sales. Consumer cooperatives can also play a key role by ensuring a strong connection with the community as well as a social, educational and environmental focus. Public institutions have schemes which are also part of this process, e.g. through public procurement programmes for schools and hospitals encouraging the provision of local, organic food, as in Denmark and Malmö, Sweden. This fits the EU circular economy approach.

4.3. By establishing closer links between producers and consumers, more localised food systems and bottom-up initiatives could play an essential role in encouraging healthier and more sustainable food consumption. Civil society and local community involvement strengthens these connections, as may be seen in the many sustainable food initiatives in towns and cities across Europe. At the moment, however, EU-level policies are poorly equipped to learn from these experiments, let alone to support them when they are promising. A comprehensive food policy could therefore help both stimulate and develop common governance for these initiatives. Farm enterprises adapt to the market's demands, but are constrained by the nature of agricultural production; a shift in production systems takes time.

4.4. The food economy faces major technical, financial and social<sup>(15)</sup> challenges that have been acknowledged by major investment programmes for innovation and technological progress. Europe has c. 289 000 food manufacturing companies, but 3 000 of these account for nearly half the EU market<sup>(16)</sup>. Studies suggest that resilient food systems need to maintain a mix of large and small farm enterprises. There are major fissures between Europe's largest food companies and the SME sector. These could be better integrated with social Europe. The digital economy offers opportunities for closer links between consumers and producers. Business welcomes progressive leadership on sustainability matters, and wants clear frameworks.

4.5. European citizens have a clear interest in ensuring that their food comes from sustainable sources. Labelling systems are not able to provide clarity simply because of the complexity of the issue. In a recent report prepared by Karl Falkenberg, it was suggested that the European food 'brand' should centre around sustainability, or 'living well and sharing fairly within the limits of the planet'<sup>(17)</sup>. This suggests social as much as environmental and economic emphasis. Some cultural issues are beyond the remit of European institutions, such as the tension between paid (in supply chains) and unpaid (in domestic kitchens) food work, but there are elements of the European food system which are central to the European concept of food (or 'brand'). Europe is famous for culinary and production diversity. This must not only be protected, but actively increased. The EU quality logo (PGI, PDO, TSG) system is useful, but only covers speciality food; it does not engage with the trends in mass food. Mr Falkenberg's suggestion that we should aspire to fairness surely should imply a 'New Deal' on wages and the fair treatment of migrant labour in EU food enterprises. These are sensitive but important issues through which a comprehensive food policy can provide practical support to social harmony in Europe.

4.6. A particular concern for parents and health agencies is the unequal financial investment in messages about food targeting children. WHO sees this as a priority issue because such a high proportion of these messages concern foods that are high in salt, sugar and fat<sup>(18)</sup>. With the shift from traditional to digital media forms, the case for a comprehensive

<sup>(15)</sup> Freibauer, Mathijs et al (2011), 3rd SCAR report to EC.

<sup>(16)</sup> <http://www.fooddrinkurope.eu/publication/data-trends-of-the-european-food-and-drink-industry-2016/>

<sup>(17)</sup> Falkenberg K (2016). Sustainability Now! A European Vision for Sustainability. EPSC, issue 18, 20 July.

<sup>(18)</sup> WHO European Region (2013) [http://www.euro.who.int/\\_\\_data/assets/pdf\\_file/0019/191125/e96859.pdf](http://www.euro.who.int/__data/assets/pdf_file/0019/191125/e96859.pdf)

approach grows. An estimated US \$ 37 billion was spent on digital food advertising alone in Western Europe in 2016 <sup>(19)</sup>. The EESC notes the recent call by consumers onto food and retail companies, asking them to stop using their brand mascots in advertising and marketing campaigns for foods that are high in fat, salt and sugar. In the absence of adequate action from industry, governments should consider introducing regulatory measures <sup>(20)</sup>.

4.7. The 50-year goal for EU food policy should be to promote the transition from food consumerism (characterised by waste) to food citizenship (characterised by care and responsibility). The transition to sustainable diets from sustainable food systems requires engaged consumers to become active food citizens. The EESC reiterates its proposal to launch a Europe-wide information and awareness-raising campaign on 'the value of food'. This will be necessary to ensure a long-term change in consumers' behaviour <sup>(21)</sup>.

## 5. Vision — objectives and structure of a comprehensive food policy in the EU

5.1. Food policy is an overarching policy that organises and supports the framework of food systems, from primary production (farmers) through the production stage (processing) to consumption. It makes clear and overt what is often below the surface and covert. Because food features in so many areas of life, such as education, health, the environment, trade, social relations and culture, the value of having a comprehensive food policy is that society can clarify what it wants and what it can achieve from its food system. It connects what can otherwise too easily be disconnected and fragmented. The question of what we eat, how we eat and how we produce food today and at what cost has consequences for the future.

5.2. Food policy has a strong influence on the development of rural and urban areas. It creates jobs in all connected sectors such as agriculture and its technical infrastructure, food processing, transport, commerce, packaging, retailing and food service, etc. It affects the livelihoods of millions of EU citizens. The EU food manufacturing sector employs 4,25 million people; turns over EUR 1 098 billion; spends EUR 2,5 billion on research & development and has a surplus of EUR 25,2 billion on its trade in processed food <sup>(22)</sup>. Despite the economic significance of food to the EU economy, there is currently no EU food policy as such. Instead, food systems are shaped by a variety of distinct policy frameworks, as highlighted above.

5.3. A food policy fit for the 21st century must meet multiple criteria: food quality (such as taste, pleasure, appearance and authenticity); health (such as safety, nutrition, availability and knowledge); environment (such as CO<sub>2</sub>, water, land use, soil, biodiversity, air quality and systemic resilience), social and cultural values (such as identity, equality of access, trust, choice and skills); sound economics (such as true competition and fair returns, decent jobs, fully internalised costs and reasonable, competitive prices); and good governance (such as democratic accountability, transparency, ethical processes and use of sound scientific evidence). All existing EU food-related policies can be viewed under these policy headings.

5.4. A comprehensive food policy must enhance resilient ecosystems and ensure that all stakeholders and participants in the food supply chain have a decent income both within and outside of the EU. Food prices do not reflect the full costs of production and health, environmental and social costs are mostly externalised. The pursuit of cheaper, more 'affordable' food must not short-change other features and effects of food production and consumption. A comprehensive food policy could help reintegrate and realign the price of food with other values.

5.5. A comprehensive food policy should bring existing and new policies together, with the ultimate objective of delivering sustainable food systems and healthy diets. This should not mean reinventing the wheel, by creating a completely new policy or appropriating new powers to the EU, as the aim is not to impose a single standard. Rather, it means adopting

<sup>(19)</sup> <https://www.statista.com/statistics/237928/online-advertising-spending-in-western-europe/>

<sup>(20)</sup> Cartoon characters and food: just for fun? Position paper, BEUC, 2017.

<sup>(21)</sup> See footnote 12.

<sup>(22)</sup> [http://www.fooddrinkeurope.eu/uploads/publications\\_documents/Data\\_and\\_trends\\_Interactive\\_PDF\\_NEW.pdf](http://www.fooddrinkeurope.eu/uploads/publications_documents/Data_and_trends_Interactive_PDF_NEW.pdf)

reforms at EU level to encourage new and more sustainable courses of action at all levels (local/municipal, regional, national and companies), as well as scaling up initiatives that are already taking place, thus providing more coherence. It means integrating measures at EU level with what can best be undertaken at other levels of governance. The case could be made for fiscal regimes that improve access to healthy diets through city planning and public procurement, thereby supporting local markets and employment.

5.6. A comprehensive food policy should also become a basis to end the unfair commercial practices in terms of dual and lower quality of products — namely the production and sales of foods of lower quality in different Member States despite the packaging being identical<sup>(23)</sup>.

5.7. To meet these goals, policy measures on both the supply and the demand side have to be coordinated. This means that the availability and affordability of food through sustainable food production must also be coordinated with increased access and empowerment of consumers to choose healthy and tasty diets. A combination of *legislative changes* to remove regulatory obstacles and provide fiscal incentives and *behavioural changes* driven by better information, education and awareness-raising of consumers and processors has to be developed. The main aim is to raise awareness of and support for the value of food at all levels and to support gradual but significant change. For example, salt reduction works best if it is done slowly but systematically, but there are no incentives for companies to reformulate their products.

5.8. On the supply side, for a comprehensive European food policy to be truly relevant for European consumers, it is essential that the food produced sustainably in the EU is competitive. This means that the European agri-food sector is able to deliver food for the consumers at prices that include extra costs for criteria such as sustainability, animal welfare, food safety and nutrition but also a fair return to the farmers, and at the same time maintains its position as the preferred choice for the vast majority of consumers.

5.9. The implementation of the SDGs provides a crucial framework for joint action, with the aim of feeding the world sustainably by 2030. Issues related to food and agriculture cut across the 17 SDGs. In particular, the WHO states that 12 of the SDGs require action in the area of nutrition. By its very nature, the implementation of the SDGs requires collaborative, holistic solutions involving different departments, ministries, sectors and the whole food supply chain. This offers great opportunities for EU leadership at continental level.

5.10. A comprehensive food policy should bring different approaches together with a view to implementing the SDGs and should incorporate existing multilevel and multisectoral governance to deliver an even more integrated policy-making process. Europe is developing positions on the different pillars of the food system, namely:

- Agriculture (a reshaped CAP<sup>(24)</sup>, accelerated development of sustainable production models, generation renewal, viable income for farmers, public goods for public money, animal welfare)
- Balanced territorial development/rural development (Cork 2.0<sup>(25)</sup>)
- Sustainable processing (product reformulation)
- Circular economy<sup>(26)</sup> (food waste, energy efficiency)
- Sustainable food consumption (food choices protecting health and the environment, leading role played by the retail sector)
- Social impact (fair distribution of wages and income, social protection)

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<sup>(23)</sup> Results of the study by the University of Chemistry and Technology of Prague, 2015 <http://www.sehnalova.cz/soubory/rozdily-potravin/Prezentace.pdf>

<sup>(24)</sup> See footnote 1.

<sup>(25)</sup> EESC Opinion on 'From Cork 2.0 Declaration to concrete actions' (OJ C 345, 13.10.2017, p. 37).

<sup>(26)</sup> EESC Opinion on 'Circular Economy' (OJ C 264, 20.7.2016, p. 98).

- Cultural impact (regional/local identity)
- Health, nutrition (healthier diet/food safety)
- Environmental protection (soil <sup>(27)</sup>, biodiversity, water/air quality)
- Education (school education, value of food, how to cook, what is good food)
- Trade, including international trade (fairer trade practices in the food supply chain <sup>(28)</sup>, food sovereignty)
- Development (policy coherence for development).

5.11. This new comprehensive approach should be dynamic and involve stakeholders from across the food supply chain and civil society as a whole, ensuring accountable and transparent 'food democracy'.

5.12. To summarise, a comprehensive food policy should be: 1. environmentally, socio-culturally and economically *sustainable*; 2. *integrated* across sectors and levels of governance; 3. *inclusive* of all areas of society; and 4. reinforce fair working conditions at all levels.

## 6. Roadmap — What steps are needed to achieve a comprehensive food policy?

6.1. Just as the founders of the Common Market in the 1950s saw food as being central to a better, more peaceful Europe, so today 6 decades later, the EESC highlights the need to begin the creating a more sustainable food system for Europe. The pressures are now well-known and have been evidenced. This will and must be tackled at local and Member State level. However, there is also a need for cross-European action.

6.2. The EESC suggests establishing a cross-sectorial and interinstitutional task force, involving different Commission DGs and other EU institutions, with the aim of developing an Action Plan on Food Sustainability, to help the EU implement food-related SDGs. The Action Plan should be developed through a participatory process involving stakeholders across the food supply chain, civil society and researchers.

6.3. The EESC sees an opportunity to organise and develop a space for civil society to get involved and actively participate in this process, building on the momentum created by the EESC's expert hearings on this topic.

6.4. The JRC, DG Research and Member State research agencies are requested to develop an 'EU sustainable food scoreboard' to encourage and monitor progress towards meeting the targets set. A combination of new and old indicators will be required to incorporate and translate food-related SDGs and other international targets (such as for greenhouse gas emissions) into European settings.

6.5. The Commission, Parliament and Council are requested to explore the feasibility of creating a dedicated DG for Food, which would improve the coordination of tasks and responsibilities on all food-related policies, from common methodologies on lifecycle analysis to big food data and sustainable nutrition. This new DG would provide the necessary framework for prioritising food and be the source of regulation, legislation and enforcement as appropriate.

6.6. A new European Food Policy Council should be created. Some Member States already have such bodies (e.g. in the Netherlands and the Nordic Food Policy Lab). It would advise on the transitions which science suggests are needed to meet the SDGs and the Paris Climate Agreement.

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<sup>(27)</sup> EESC Opinion on 'Agricultural soil use for sustainable food production and ecosystem services', adopted on 18.10.2017 (not yet published in the Official Journal).

<sup>(28)</sup> See footnote 12.

6.7. The transition to sustainable European food systems requires that health, nutrition, environmental and economic advice be better integrated. The EESC supports the development of EU sustainable dietary guidelines, building on initiatives by Germany, the Netherlands, Sweden and France to provide consumers and industry with clearer guidance on how to balance good nutrition with a lower environmental impact, and prevent false environmental and health claims, while factoring in cultural preferences. This should be reflected in a new smart system on sustainable food labelling.

Brussels, 6 December 2017.

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

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**Opinion of the European Economic and Social Committee on ‘The core role of trade and investment in meeting and implementing the Sustainable Development Goals (SDGs)’**

**(own-initiative opinion)**

(2018/C 129/05)

Rapporteur: **Jonathan PEEL (UK-I)**

Co-rapporteur: **Christophe QUAREZ (FR-II)**

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## 1. Conclusions and recommendations

1.1. The implementation and realisation of the Sustainable Development Goals (SDGs) is seen as a top global priority. Maintaining momentum from now on is essential if the 2030 target date is to be met.

1.1.1. The European Economic and Social Committee (EESC) believes that the SDGs, together with the Paris Agreement (COP21) <sup>(1)</sup>, will fundamentally change the global trade agenda, especially for trade in industrial goods and agriculture. The need to implement these profound agreements must lie at the heart of all future EU trade negotiations.

1.2. The EU is uniquely placed to further the realisation of the SDGs. It has the credibility to play an effective bridging role between developed and developing countries. Greater priority is needed for the development of the policies outlined in the Commission Communication ‘Next Steps’ <sup>(2)</sup>, and sharper focus given to integrating the SDGs fully ‘in the European policy framework and current Commission priorities’, in conjunction with Member States where necessary.

1.2.1. It recognises it is bound to do so under the Lisbon Treaty <sup>(3)</sup>. There should be a close synergy in promoting and implementing the SDGs and in promoting European values around the world.

1.3. Trade was only referred to once in the Millennium Development Goals (MDGs) <sup>(4)</sup>, but there are nine specific mentions of trade in the SDGs. As well as direct action to achieve the SDGs, we urge the EU to include ‘SDG friendly’ trade and investment. There are many ways in which trade and investment can make a positive, if sometimes indirect, contribution to them.

1.4. A specific target for **Goal 17** (revitalise the Global Partnership for Sustainable Development) is for ‘a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the WTO’. The EU has long placed emphasis on multilateralism and on the key role of the WTO: it must continue to take active steps to support that.

<sup>(1)</sup> The Paris Conference of the Parties to the UN Framework Convention on Climate Change (UNFCCC COP21).

<sup>(2)</sup> COM(2016) 739 final.

<sup>(3)</sup> Article 21(3) TFEU.

<sup>(4)</sup> MDG 8, *Develop a Global Partnership for Development*.

1.5. The EESC notes that, as the SDGs are not legally binding, with no dispute mechanism, the EU must work through its own policies and activities to further their realisation.

1.5.1. We welcome the EU's intention to provide annual updates, but we remain concerned that it often appears more interested in showing how existing policies coincide and overlap with SDG targets, rather than in gaining maximum synergy through focussing and adapting such policies and activities. A more concentrated EU focus on achieving the SDGs would gain better results.

1.5.2. There are a number of key policy areas where we believe the EU must work to ensure full synergy with the SDGs. These include the renewal of the 'Cotonou' ACP-EU Partnership Agreement as well as the EU's wider interaction with those regions. That should specifically include both targeted capacity building to support and help implement the Trade Facilitation Agreement, as well as the wider joint EU/Member State Aid for Trade strategy. This is a core contribution to, and an essential part of, the WTO Aid for Trade Initiative which is designed to enhance the capacity of developing countries to use the opportunities offered by trade agreements. SDG focused input into the WTO's sixth Global Review will be important.

1.5.3. More specific support should also be given to using trade as a means to boost both regional integration and the SDGs, especially in those regions where EPAs have yet to be reached, despite the EPAs not yet fully realising their early promise.

1.5.4. The EU should also look to develop greater synergies between the 27 core Conventions relevant to its GSP+ programme and the SDGs, as far as its competences will allow.

1.6. The Committee also urges the EU to promote the realisation of the SDGs wherever possible through its bilateral relations. A prime example here is interaction with China over its Belt and Road Initiative (BRI), the implementation of which the recent meeting of the EU-China Round Table <sup>(5)</sup> emphasised 'should contribute to the realisation of the UN 2030 Agenda and its Sustainable Development Goals'.

1.7. The EESC underlines the key role of Responsible Business Conduct (RBC) in helping realise the SDGs. The impact of the private sector here will be both crucial and profound: the UN Committee for Trade and Development (Unctad) estimates <sup>(6)</sup> that an extra US\$ 2,5 trillion a year will be required: the private sector is expected to contribute a third of that. Many companies already have their SDG strategies, but all must be encouraged to own responsibility for their impact on society through risk-based due diligence. The EESC notes that resource mobilisation is also facilitated by international tax policies to support investments to implement the SDGs <sup>(7)</sup>.

1.8. **SDG 17** also specifically states that 'a successful sustainable development agenda requires partnerships between governments, the private sector and civil society'. The EESC therefore urges that all future mandates for TSD Chapters in EU trade and partnership negotiations must include a specific clause requiring both parties of each civil society monitoring mechanism to work together to promote the SDGs and monitor the effects of that.

1.8.1. These TSD chapters (especially as these cover the SDGs, the Paris Agreement and observance of ILO Conventions) must be given equal weight to those covering commercial, technical or tariff issues.

1.9. Finally, the EESC reminds the EU of its earlier recommendation <sup>(8)</sup> that it undertake a full impact assessment on the likely effects that implementation of the SDGs and the Paris Agreement will have on EU trade policy, including agriculture. Good policy starts with good analysis.

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<sup>(5)</sup> Beijing, 29-30 June 2017 (point 25).

<sup>(6)</sup> Unctad Press Release, Geneva, 2014 — since repeated regularly.

<sup>(7)</sup> REX/487 — EESC Own-initiative Opinion on *EU development partnerships and the challenge posed by international tax agreements*, rapporteur Alfred Gajdosik, co-rapporteur Thomas Wagnsonner (not yet published in the Official Journal).

<sup>(8)</sup> EESC Opinion on *Trade for All — Towards a more responsible trade and investment policy*, Rapporteur: Jonathan Peel (OJ C 264, 20.7.2016, p. 123).

## 2. Background: the Sustainable Development Goals (SDGs)

2.1. The implementation of the comprehensive United Nations ‘The 2030 Agenda for Sustainable Development’, and in particular its centrepiece, the SDGs, will remain a major global priority until its target date. The 17 SDGs are backed by a further 169 specific targets.

2.1.1. The SDGs are global in nature, universally applicable and interlinked — all countries must share responsibility in achieving them. They are already leading to a new way of global working — broader, more participative and more consultative: more than 90 countries have sought the assistance of others, notably the EU, to help meet them.

2.2. The importance of the SDGs was greatly enhanced by the Paris Agreement which has already entered into force. Considerable uncertainty has since been created by the US Administration’s stated intention to withdraw from the Agreement and what effects this could have in practice. It does open the way for the EU to assume global leadership in ensuring that both the SDGs and the Paris Agreement remain top priorities, building on the strong interest in these agreements shown by China and other growing economies. To date many fast-emerging economies have yet to make any other notable efforts to help other countries further behind in development.

2.3. The Commission Communication ‘Next Steps for a Sustainable European Future: European Union action for sustainability’ in November 2016 set out to integrate the SDGs fully ‘in the European policy framework and current Commission priorities’, as indeed it is bound to do under the Lisbon Treaty <sup>(9)</sup>. This initiative, which is now being worked on, has been welcomed by the Committee in its opinion on *Agriculture in Trade Negotiations* <sup>(10)</sup>, which also recommended the EU undertake a full impact assessment on their likely effects on EU trade policy.

2.3.1. This Communication stated that the SDGs ‘will be a cross-cutting dimension’ for the implementation of the EU’s global strategy. It pointed out that the EU was ‘instrumental in shaping’ this agenda. There should be a close synergy in promoting and implementing the SDGs and in promoting European values around the world, even though the SDGs do not directly promote good governance and the rule of law.

2.4. The SDGs and the Paris Agreement fundamentally change the global trade agenda, especially for trade in industrial goods and in agriculture. The need to implement these agreements must now lie at the heart of all future EU trade negotiations.

2.4.1. The EU has the credibility to play an effective bridging role between developed and developing countries. The EESC <sup>(11)</sup> has previously pointed out that the EU is uniquely positioned to drive this agenda forward:

- it carries weight as one of the world’s leading exporters and importers,
- it is no longer seen to be primarily defensive on agriculture,
- it has a proven sustained interest in trade and development and
- above all it showed at the 2015 WTO Ministerial Conference in Nairobi it has the ability to produce fresh and balanced thinking.

## 3. SDGs: a major role for trade and investment

3.1. On 1 May the UN Foundation <sup>(12)</sup> tweeted ‘Ensuring good education, health & governance for all makes conflict less likely. @UN has 17 #GlobalGoals to do this. <http://bit.ly/UN2030>’. These are fundamental requirements if the SDGs are to be realised, whilst war and corruption remain the most serious counter challenges.

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<sup>(9)</sup> Article 21(3) TFEU.

<sup>(10)</sup> EESC Own-initiative Opinion on the *Role of Agriculture in Multilateral, Bilateral and Regional Trade negotiations in the light of the Nairobi WTO Ministerial meeting*, Rapporteur: Jonathan Peel (OJ C 173, 31.5.2017, p. 20).

<sup>(11)</sup> Idem.

<sup>(12)</sup> @UNFoundation.

3.2. Nevertheless, trade and investment have to play a very significant role if the SDGs are to be realised. Trade was only mentioned once in the MDGs, but nine times in the SDGs. The WTO website specifically draws attention to **Goals 2** (End hunger, achieve food security and improved nutrition, and promote sustainable agriculture), **3** (Ensure healthy lives and promote well-being for all at all ages), **8** (Promote inclusive and sustainable economic growth, employment and decent work for all), **10** (Reduce inequality within and among countries), **14** (Conserve and sustainably use the oceans, seas and marine resources) and **17** (Revitalise the global partnership for sustainable development). To these, Goals **7** (Ensure access to affordable, reliable, sustainable and modern energy for all) and **9** (Build resilient infrastructure, promote sustainable industrialisation and foster innovation) should be added. These must also be in full synergy with other relevant action, notably development.

3.2.1. Trade in agriculture will also play a key role in realising most SDGs, notably **12** (Ensure sustainable consumption and production patterns) and **15** (Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss), as well as **1** (End poverty in all its forms everywhere), **13** (Take urgent action to combat climate change and its impacts) and **5** (Achieve gender equality and empower all women and girls).

3.2.2. The SDGs, unlike the MDGs, specifically identify the 'means of implementation' through their 169 specifically identified targets. Such a large number of targets make it harder to determine priorities or to gather support. Despite that, a key consideration must be to ensure that they remain inclusive and that no section of society is being left behind.

3.3. The EESC is concerned that sufficient measures/policies have not yet been effectively defined, nor that the key gaps to be filled have already been fully identified.

3.3.1. It will be essential to look at in detail what trade, per se, can contribute. As well as direct action, 'SDG friendly' trade and investment should be included, such as through the use of clean technology. There are many ways in which trade and investment can make a positive, if indirect contribution, even though it cannot always be the main driving force for achieving the SDGs, nor can it offer a systematic approach.

3.4. By definition trade should be sustainable, although in reality this is by no means always so, especially when judged against current sustainability criteria including carbon footprints. In past times within Europe food and goods were traded that a region could not produce itself<sup>(13)</sup>. Two other factors were important — key, fundamental processing skills developed over a long period, and ease of transport. Access to water was critically important, as transport over land was far more costly and much less reliable.

3.4.1. These factors remain important. Import substitution policies have regularly failed. International confidence in trading is fundamental to minimise or avoid unnecessary import barriers. For that a global trading system is essential, backed by an international rule-making and dispute settlement system. Here the role of the WTO remains critical, despite potential challenges from the US Administration.

3.4.2. Indeed a specific target of **Goal 17** is to 'promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the WTO': the WTO therefore is tasked to play a key role. The EU must continue to encourage and support that.

3.4.3. The WTO Nairobi Ministerial Declaration spelt out that international trade can play a role towards achieving sustainable, robust and balanced growth for all<sup>(14)</sup>, stressing that this would be far harder without an effective multilateral trade mechanism. It also underlined the importance of its Aid for Trade Initiative, which should play a key role in helping to achieve many SDGs.

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<sup>(13)</sup> The North offered wool, furs, timber and grain, the South in turn offering cotton cloth, olive oil, cork, wines, foods and fruit.

<sup>(14)</sup> [https://www.wto.org/english/thewto\\_e/minist\\_e/mc10\\_e/mindecision\\_e.htm](https://www.wto.org/english/thewto_e/minist_e/mc10_e/mindecision_e.htm)

3.4.4. The WTO commitment to abolish export subsidies for agricultural exports, reached in Nairobi, meets a key target set for SDG 2 (Zero hunger). Current WTO negotiations on fisheries subsidies are relevant to the SDG 14 (Oceans, seas and marine resources) target to prohibit by 2020 those which contribute to overcapacity and overfishing. We look to the forthcoming WTO Ministerial meeting in Buenos Aires to achieve such an agreement.

3.4.5. Since 1947 first the GATT, and now the WTO, has been about removing barriers. Apart from food, agricultural products, textiles, clothing, shoes and ceramics, the emphasis has now shifted from removing tariffs to dealing with non-tariff barriers. As the EESC has previously stated<sup>(15)</sup> 'trade helps to even out imbalances in demand and supply, can significantly improve food security and nutrition through increasing food availability, promote resource use efficiency and increase investment, market opportunities and economic growth, thus generating jobs, income and prosperity'.

3.5. As global incomes rise, so does the demand for an unprecedented choice and variety of food and consumer goods. These include cotton products, grain and beef, which require a considerable amount of water to produce — and water in many places is a scarce commodity. Sustainable use of water and soil (and avoidance of air pollution) are key to realising many SDGs. Rationalisation of production will increasingly become a key issue: for example, Uzbekistan (not yet a WTO member) relies heavily on cotton production, yet is an arid country, and cotton is a notably thirsty crop which also requires a significant use of pesticides.

3.6. The Trade Facilitation Agreement (TFA), which came into effect in early 2017, should also notably increase sustainability in international trade through removing delays and unnecessary blockages at borders. Capacity building is a key role for the EU here.

3.7. The impact of trade and investment on climate change is significant. Negotiations for the plurilateral Environmental Goods Agreement (EGA) promise an important step in integrating climate change with multilateral trade policy but further multilateral action is still needed to promote greater consistency.

3.8. The role of investment in realising the SDGs is also fundamental, notably in Africa, through helping to provide sufficient infrastructure (**Goal 9**), sufficient secondary processing facilities and by increasing the ability to get the resulting products to transport hubs and to market.

3.8.1. As stated in the Committee opinion on *stand-alone investment agreements*<sup>(16)</sup>, 'a key area ... for parties to an investment agreement will be to facilitate investment through the provision of necessary, sustainable infrastructure. Governments are responsible for providing a firm regulatory basis for infrastructure, ...or for securing effective, efficient grids for energy, water and transport, through systematic groundwork. Energy and water networks and grids need complex design and may require a decade or more to be put fully into place'.

#### 4. The role of the EU and what lies within its competence

4.1. As mentioned, the Commission Communication 'Next Steps' set out to integrate the SDGs fully in the European policy framework and current Commission priorities.

4.1.1. In its 2006 Communication 'Global Europe: competing in the world' the Commission stated that it was essential to ensure that the benefits of trade liberalisation 'are passed on to citizens. As we pursue social justice and cohesion at home we should also seek to promote our values, including social and environmental standards and cultural diversity around the world'<sup>(17)</sup>.

<sup>(15)</sup> See footnote 9, *idem*.

<sup>(16)</sup> EESC Opinion on the *Role for sustainable development and civil society involvement in stand-alone EU investment agreements with third countries*, Rapporteur: Jonathan Peel (OJ C 268, 14.8.2015, p. 19).

<sup>(17)</sup> COM(2006) 567 final, 4 October 2006, point 3.1.iii.

4.1.2. The Lisbon Treaty<sup>(18)</sup> requires that all EU activity in trade, development, and wider external action is mutually informed. We have already expressed our disappointment<sup>(19)</sup> that the SDGs were hardly mentioned in the Commission Communication 'Trade for all'<sup>(20)</sup>, published shortly after their adoption by the UN. In implementing its Trade for All strategy the EU must pay particular regard to ensuring that its future trade and partnership agreements comply with the ILO core standards, the COP21 commitments and ensure consumer protection.

4.1.3. However, as the recent ECJ judgement<sup>(21)</sup> on the EU-Singapore FTA showed, EU competence in investment is limited, whilst having full competence in trade matters.

4.2. The SDGs themselves are not legally binding, nor backed by a disputes mechanism. Success will rely on countries' own sustainable development policies and programmes. The UN stress that partnerships are required between governments, the private sector and civil society. Its website<sup>(22)</sup> even lists actions for individuals to take.

4.3. The EU must continue to look to its own policies and activities to determine how it can best contribute to the realisation of the SDGs, not least over trade. We are concerned that the EU often appears more ready to show how its existing policies coincide and overlap with SDG targets, rather than adapt existing policies to gain maximum synergy. We have also yet to be convinced that the Commission has developed a fully cross DG approach to key issues. A more concentrated focus on achieving the SDGs, including in trade policy, would gain better results.

4.3.1. Such areas should include the upcoming renewal of the 'Cotonou' ACP — EU Partnership Agreement, and the EU's wider interaction with those regions. As well as targeted capacity building to support the TFA, this should also underpin any ongoing review of the joint EU/Member State Aid for Trade<sup>(23)</sup> strategy, a key element of the WTO Aid for Trade Initiative. Designed to enhance the capacity of developing countries to use the opportunities offered by trade agreements, this in turn will be crucial to the process of achieving many of the Goals.

4.3.2. More focused support should also be given to using trade as a means to support both regional integration and the SDGs, especially those regions where EPAs have yet to be reached, although we also regret that the early promise of EPAs has yet to be fully realised.

4.3.3. As far as its competences allow the EU should also look to develop greater synergies between the SDGs and the 27 mandatory environmental and ILO Conventions relevant to its GSP+ programme (as well as the requirements for the LDC EBA programme).

4.3.4. The July 2015 Final Declaration of the 14th ACP-EU Economic and Social Interests Groups meeting in Yaounde<sup>(24)</sup> states that all available financial resources must be brought into play to achieve the SDGs, within a framework of sound, transparent fiscal governance, including the private sector.

4.4. The Committee also believes that the EU should promote the realisation of the SDGs wherever possible through its bilateral relations. A prime example here is interaction with China over its BRI, the implementation of which the recent meeting of the EU-China Round Table<sup>(25)</sup> emphasised 'should contribute to the realisation of the ... Sustainable Development Goals and the implementation of the Paris Agreement on Climate Change'. This mirrored similar recent comments by the UN Secretary-General.

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<sup>(18)</sup> Article 3 paragraph 5.

<sup>(19)</sup> EESC Opinion on *Trade for All — Towards a more responsible trade and investment policy*, Rapporteur: Jonathan Peel (OJ C 264, 20.7.2016, p. 123).

<sup>(20)</sup> COM(2015) 497 final.

<sup>(21)</sup> Court of Justice of the European Union, Press Release n. 52/17.

<sup>(22)</sup> <http://www.un.org/sustainabledevelopment/takeaction>

<sup>(23)</sup> Whilst recognising the record EU contribution here of EUR 12 bn. in 2014.

<sup>(24)</sup> As mandated by the Cotonou Agreement.

<sup>(25)</sup> See footnote 5.

4.4.1. The EESC, however, reiterates its firm belief in the importance of China's and other countries' compliance with the International Labour Organisation (ILO) Conventions.

4.5. The EESC believes too that the EU must incorporate the Europe 2020 strategy with the shared objectives of the SDGs in order to create the conditions for smart, sustainable and inclusive growth.

4.6. In its opinion on *Sustainable development: a mapping of the EU's internal and external policies* <sup>(26)</sup>, the EESC stated: 'The UN 2030 Agenda should be turned into a proactive, transformational and positive narrative for Europe, and that process must be driven by a strong political will and determination to shape a sustainable European Union by shifting our economies towards resilient and competitive, resource-efficient, low-carbon and socially inclusive development. This forward-looking narrative would also help overcome the unprecedented lack of trust of EU citizens in the EU project and in particular win young people's support for it. The EU should use the UN 2030 agenda in this way to present EU citizens with a new vision for Europe: the social contract of the 21st century'.

## 5. Role of the private sector

5.1. Unctad estimates <sup>(27)</sup> that, to meet the 17 SDGs (and their 169 targets), an extra US\$ 2,5 trillion a year will need to be found. Of that, at least a third is expected to be provided by the private sector, the role of which is highlighted in Goal 17, along with that of civil society.

5.2. Most of this will come through increased trade and investment, notably from the need to build cities, and the consequent provision of infrastructure, schools, hospitals and roads. This is already implicit in China's BRI.

5.3. As mentioned, infrastructure building within Africa in particular will be especially important. Internal trade within Africa is low; it accounts for between 10 % and 15 % of all African trade. As the EESC has already stated, 'enhancing African countries' ability to expand trade in agriculture linked with the SDGs covering infrastructure, regional integration and deepening of internal markets, including through increased secondary processing, will be essential to enable Africa to participate positively in agricultural and other trade as well as enhance food security' <sup>(28)</sup>.

5.4. The EESC has also stated that a 'regulatory environment needs to be planned for the long-term. Companies equally need to plan long-term, especially if their investments are to succeed. Failure on either side suits nobody. Robust government and private sector players need to develop new synergies and learn new forms of engagement. There should be a key role for civil society input here too, particularly at the level of the social partners' <sup>(29)</sup>.

5.5. Effective management of Global Value and Supply Chains (GVCs, GSCs) will be essential, as highlighted by the EESC in its opinion on *Decent Work in Global Supply Chains* <sup>(30)</sup>. GVCs cover all activity from a product's conception through to the final consumer. A GSC is part of a GVC dedicated to sourcing but not to conception or distribution.

5.5.1. The EESC stated its aim as 'to put in place gradual, consistent and sustainable policy in the responsible management of GSCs', and 'to promote practical and suitable, risk-based approaches that will take into account the specific nature of the global value chain and the GSC (linear or modular, simple or complex, short or long organisation)'.

5.5.2. The impact of the private sector will be profound. It can be a major catalyst for social, economic and cultural renewal, not least through the promotion and development of key skills and providing greater diversification. Many companies already have their own SDG strategies. Nevertheless, Responsible Business Conduct (RBC) will be important in helping realise the SDGs, not least by encouraging all companies to own responsibility for their impact on society. This

<sup>(26)</sup> OJ C 487, 28.12.2016, p. 41.

<sup>(27)</sup> Unctad Press Release, Geneva, 2014 — and since repeated regularly.

<sup>(28)</sup> See EESC Opinion on the *Role of Agriculture in Multilateral, Bilateral and Regional Trade negotiations in the light of the Nairobi WTO Ministerial meeting*, *ibidem*, footnote 9 (OJ C 173, 31.5.2017, p. 20).

<sup>(29)</sup> See footnote 15.

<sup>(30)</sup> OJ C 303, 19.8.2016, p. 17.

should be built on risk-based due diligence, notably in GVCs and GSCs, covering both negative impacts and risks and in actively promoting benefits, ensuring that no section of society is left behind. That in turn should boost companies' 'licence to operate', whilst maximising both innovation and sustainable economic growth.

5.6. Ensuring greater synergy between the SDGs and the private sector will involve:

- promoting corporate social responsibility (CSR), the ISO 26000 standard and the development of international framework agreements (IFAs) between large multinationals and the international trade union organisations (in all sectors, particularly industrial sectors);
- developing the non-financial rating of companies (social and environmental) and to encourage socially responsible investment;
- including social and environmental responsibility in the value chain between contractor and sub-contractor.

5.6.1. The EESC believes that any future EU trade or partnership agreement should seek to include the promotion of CSR principles and standards, and look to the promotion of national legislation in this area, notably in extra-financial reporting. They should insist that each signatory party should actively encourage compliance by companies with the OECD Guidelines for Multinational Enterprises<sup>(31)</sup> and the United Nations Global Compact, that the right to collective bargaining be guaranteed and social dialogue sustained.

5.6.2. In its Information Report on Corporate Social Responsibility<sup>(32)</sup>, the Committee also underlined the importance of the 2011 UN Guiding Principles on Business and Human Rights<sup>(33)</sup>, as a key step in the field of corporate responsibility through its emphasis on human rights under the societal pillar. This is now being developed further by the UN towards a Binding Treaty for Transnational Corporations and other enterprises regarding Human Rights.

5.6.3. Other relevant EESC opinions include those on the role of the Private Sector in Development<sup>(34)</sup>, and on Establishing the EFSF Guarantee and the EFSF Guarantee Fund<sup>(35)</sup>.

5.7. Realising **Goal 17** should involve both Government procurement and governments working alongside the private sector. The EU should work closely both with Unctad and UNECE, which has been promoting the role of public-private partnerships (PPPs). Whilst generally supportive of PPPs, the EESC<sup>(36)</sup> has flagged up certain concerns, stating PPPs 'could be an important instrument for implementing development strategies, assuming they are correctly calibrated and communicate with interested parties'.

5.8. The Committee has already underlined the enormous potential of e-commerce for SMEs and other more specialist companies, enabling them and local businesses to access markets hitherto inaccessible. Since SMEs are key drivers of innovation, key to maintaining and developing sustainability, and create 70-80 % of employment, the EESC calls on the Commission to pay particular attention to supporting such businesses in helping meet the SDGs.

## 6. Role of Civil Society

6.1. **SDG 17** specifically refers to the role of civil society, saying that 'a successful sustainable development agenda requires partnerships between governments, the private sector and civil society. These global partnerships [...] are needed at the global, regional, national and local level'. It then refers to 'review and monitoring frameworks'. For the first time in UN history, the SDGs specify that Governments are answerable to the people. Implementation of the SDGs will need direct involvement of civil society not least as that should encourage the rule of law and help counter corruption. When civil

<sup>(31)</sup> OECD Guidelines for Multinational Enterprises, 2011.

<sup>(32)</sup> EESC Information Report on *Corporate social and societal responsibility*, Rapporteur: Evelyne Pichenot.

<sup>(33)</sup> [http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_En.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_En.pdf)

<sup>(34)</sup> EESC Opinion on *Financing for development — the position of civil society*, Rapporteur: Ivan Voleš (OJ C 383, 17.11.2015, p. 49).

<sup>(35)</sup> EESC Opinion on *Establishing the EFSF Guarantee and the EFSF Guarantee Fund*, Rapporteur: Jan Simons (OJ C 173, 31.5.2017, p. 62).

<sup>(36)</sup> OJ C 67, 6.3.2014, p. 1.

society is afraid to contribute, the reverse is true. In an open society its voice is a powerful force for major domestic change, openness and plurality.

6.1.1. Since the 2011 EU-Korea Free Trade Agreement (FTA), all EU trade and economic partnership agreements have aimed to include Trade and Sustainable Development (TSD) chapters<sup>(37)</sup> with civil society monitoring mechanisms. These chapters are now under review. They need to be strengthened and where possible adapted to support the realisation of the SDGs. Future EU negotiating mandates must include a specific reference in TSD Chapters to the SDGs.

6.2. These mechanisms have major potential in promoting EU values, including social and environmental standards. They can deliver tangible results. They are an important channel for cooperation with and empowerment of civil society from partner countries.

6.2.1. These joint civil society mechanisms must be able to intervene to promote the realisation of the SDGs, and take action against adverse developments. We believe that these TSD chapters need to be enforceable in the same way as other trade clauses. In this regard, we call on the European Commission to negotiate in each future agreements measures that allow full monitoring of the implementation of the TSD chapters, and where necessary to take such action.

6.3. The Committee also welcomes the emphasis given to the importance of 'the social economy to job creation and sustainable development' in 'A New Global Partnership for Poverty Eradication and Sustainable Development after 2015', adopted by the Council in May 2015<sup>(38)</sup>. Social economy organisations also have potential to be key players in helping realise the SDGs. In its recent opinion on *the social economy*<sup>(39)</sup>, the EESC points out that the social economy is prominent in the everyday life and productive activity of large regions of Africa, America and Asia, making a major, global contribution to improving living and working conditions.

Brussels, 7 December 2017.

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

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<sup>(37)</sup> The only exception being the EPA with the SADC.

<sup>(38)</sup> <http://data.consilium.europa.eu/doc/document/ST-9241-2015-INIT/en/pdf>

<sup>(39)</sup> EESC Own-initiative Opinion on *The External Dimension of the Social Economy*, Rapporteur: Miguel Ángel Cabra De Luna (OJ C 345, 13.10.2017, p. 58).

**Opinion of the European Economic and Social Committee on ‘Advantages of the Community-led Local Development (CLLD) approach for integrated local and rural development’**

**(exploratory opinion)**

(2018/C 129/06)

Rapporteur: **Roman HAKEN**

Consultation	Estonian Council Presidency, 8.8.2017
Legal basis	Article 302 of the Treaty on the Functioning of the European Union
	Exploratory opinion
Bureau decision	19.9.2017
Section responsible	Agriculture, Rural Development and the Environment
Adopted in section	21.11.2017
Adopted at plenary	7.12.2017
Plenary session No	530
Outcome of vote	152/3/0
(for/against/abstentions)	

### 1. Conclusions and recommendations

1.1. The European Union is on the threshold of negotiations on policy post-2020. The European Commission and the Member States are beginning to discuss the future financial framework for the European Structural Investment Funds (ESIF).

1.2. How can the European Union strengthen its ties with the Member States and regain the trust of its citizens <sup>(1)</sup>?

1.3. The answer could be a well implemented Community-Led-Local-Development (CLLD) approach that enables integrated local development and the involvement of citizens and their organisations at grassroots level. The EESC is convinced that CLLD could have many advantages as a successful European local development tool.

The European Economic and Social Committee recommends:

1.4. establishing a clear vision for an obligatory CLLD multi-funds implementation in the European Union, assuring a CLLD approach is used for all types of territories: rural (incl. remote, mountain and island areas), urban and coastal,

1.5. urging the European Commission to explore and analyse in depth opportunities to create a reserve fund for CLLD at EU level. Irrespective of this, the European Commission will have to ensure that all Member States have a national CLLD Fund with contributions from all four ESI Funds (EAFRD, ERDF, ESF and EMFF),

1.6. defining a harmonised framework of all ESI Funds and setting up simple rules for CLLD Fund implementation at EU level,

1.7. recognising that CLLD, which constitutes a reinforcement of the Leader method, gives Member States a unique opportunity to develop their areas in a more inclusive, sustainable and integrated way in partnership with local stakeholders. In order to achieve greater impact, enough financial means have to be provided for the implementation of

<sup>(1)</sup> Following Priority 10: A Union of democratic change.

CLLD in the programming period 2021-2027. To do this, we urge the European Commission to establish a mandatory requirement for Member States to allocate at least 15 % from each ESI Fund budget to the CLLD Fund, which must also be supported with sufficient national resources,

1.8. avoiding any gap between programming periods and guaranteeing a better start to the 2021-2027 period;

1.9. a complicated legal framework and time-consuming procedures have caused a significant growth in the bureaucratic burden for all CLLD actors. To achieve efficiency in the future implementation of multi-funded CLLD, the EESC calls for a significant simplification of the CLLD legal framework, implementation procedures and model for the 2021-2027 programming period. The new political and economic context should be used to reduce bureaucratic burdens and launch a simple framework which is focused on opportunities and trust. A simple system has been created, for instance, in the evolution of global grants. Instead of focussing on preventing mistakes, there is a need for regulations which can truly support local action groups (LAGs) and local beneficiaries (end-users) when implementing their local development strategies and projects,

1.10. enabling a close dialogue between all CLLD actors at European, national, regional and local level in preparations for the next programming period for building trust and for implementing a CLLD multi-fund integrated approach. Links between the EU, citizens and communities have to be strengthened,

1.11. enabling a continuous capacity building of all CLLD actors (authorities, LAGs, Leader and rural networks, paying agencies, etc.) in relation to CLLD multi-funds,

1.12. harnessing the potential of IT solutions for simplification and automating data collection at national and local level. Best practices in using these systems have to be disseminated between Managing Authorities and local action groups (as in Estonia, for example). IT systems must be developed with a genuine inclusion of all stakeholders and geared to helping with the overall strategy of ESIF simplification,

1.13. using a participatory approach in keeping local development strategies in line with — and adapting them to — changes in local conditions (social cohesion, migration, regional clusters, green economy, climate change, smart solutions, technology, and so on) and benefiting from the revolution in new technologies and IT,

1.14. the main value of local action groups also being able to select good projects relates to their role as territorial animators, including in inter-territorial and transnational cooperation. LAGs have to be active facilitators and work across sectors by involving all relevant stakeholders in their areas,

1.15. it is important that the achievements of LAGs are visible, well demonstrated and there has to be continuous evaluation of the implementation of local development strategies and a shift in focus from eligibility control mechanisms towards ensuring results, assessing performance and long-term impacts,

1.16. CLLD in peri-urban and urban areas are the challenges for future EU local development. The EESC recommends that data on successful pilots be collected and information and motivation campaigns organised for wider use. Training will be needed for local urban actors and public administration. CLLD in urban areas can be used as a tool for implementing the EU Urban Agenda and combined with the Urbact programme.

## **2. Introduction and CLLD implementation in Member States: background**

2.1. Community-Led Local Development is the update of the more than 26-year-old Leader method. The main difference concerns the more tightly integrated approach and the diversified financing model. Now, however, some Local Action Groups in rural areas also have access to funds from the European Regional Development, Social and Fisheries Funds. Starting with the present programming period (2014-2020), the use of CLLD multi-funds has been extended to the urban dimension.

2.2. According to data from the European Commission twenty Member States have adopted the multi-fund approach in this 2014-2020 programming period: Austria, Bulgaria, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom. Eight countries (Belgium, Croatia, Cyprus, Estonia, Ireland, Luxembourg, Malta, and the Netherlands) decided not to do so for the current period. Thanks to successful negotiations, the contribution of the other funds is close to 50 % in some countries (the Czech Republic, Hungary, Portugal, and Slovakia). The introduction of the multi-fund approach requires political will and an understanding of the benefits of CLLD at national level and good collaboration between ministries. The European Commission's aim is to dismantle the barriers between funds and so boost synergy and coherence at both local and regional level.

2.3. The LEADER approach has been reinforced for the 2014-2020 period. Considering the role of local communities in contributing to territorial cohesion and to the Europe 2020 strategic goals, the EU — with strong support from the European Parliament — has decided to facilitate and strengthen the use of CLLD for all types of territories (rural, urban, coastal) and various types of community needs (notably social, cultural, environmental and economic). In the 2014-2020 period, CLLD initiatives are eligible for support from all European Structural and Investment (ESI) Funds (with the exception of the Cohesion Fund) and are subject to common framework laid out in the Common Provisions Regulation (CPR) governing these funds. This ensures more consistency and coordination in EU funding and greater efficiency in its use. The common rules are complemented by fund-specific features (for example, a minimum of 5 % EAFRD funds must follow the CLLD approach, whereas support to CLLD is optional for the other funds). The obligatory funding requirement guaranteed the successful implementation of Leader.

2.4. In this programming period it has been accompanied by the ITI tool, which is focused on large areas (NUTS III, metropolitan, etc.) and on macro-projects. Organised civil society is less intensely involved in this process than in the CLLD micro-scheme <sup>(2)</sup>.

2.5. CLLD is based on three interconnected elements: local action groups (representatives of public and private local socioeconomic interests), integrated local development strategies and well-defined territories. All three are subject to specific requirements laid out in the CPR — for example: the targeted territory must have a population of 10 000 to 150 000 inhabitants and the strategies must include the objectives pursued, an analysis of the needs and potential of the area, and action and financial plans.

2.6. The EESC is surprised that in the 1990s the Leader programme was easier and simpler to implement than now. Now there are computers, the internet, software and mobile phones, but the work has actually become more difficult. The EESC therefore wants to have real simplification — otherwise this new 'techno-bureaucracy' will kill off successful EU instruments.

### 3. Main benefits of CLLD multi-funds in implementing local development strategies

3.1. The CLLD multi-fund approach gives Member States the ability to enhance local and regional capability for integrated development. Practices in Member States have shown that integrated local development influences a wide spectrum of activities and has a major impact on local economies and job creation, especially outside primary production in agriculture.

3.2. In addition, integrated local development has a highly beneficial effect on social inclusion because of the involvement and participation of different stakeholders (various types of actors, age groups, genders). CLLD provides the opportunity to involve more regional and local stakeholders than was possible with Leader, which only had support from EAFRD. Regional development is achieving greater importance with CLLD.

3.3. EU cohesion policy seeks to achieve territorial cohesion, which is also the aim of the CLLD approach. CLLD includes all types of territories: rural, urban and coastal, various community needs (social, cultural, environmental and economic) and diverse funding mechanisms (four ESI Funds are involved). Enabling CLLD in all types of territories helps to build cohesion between rural, peri-urban and urban areas which helps to overcome or stop the periphery effect.

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<sup>(2)</sup> CoR Opinion COTER VI/031 — *Integrated territorial investments — a challenge for EU cohesion policy after 2020*, rapporteur Petr Osvald, not yet published in OJ).

3.4. CLLD methodology plays an important role in prompting integrated local development because of the components that make it up: bottom-up approach, area-based local development strategies, public-private partnerships, innovation, an integrated and multi-sectoral approach, networking and cooperation, and decentralised administration. In order to support the correct implementation of CLLD methodology, information sharing, dissemination activities and higher visibility of the method itself and its benefits are required.

3.5. More than 26 years of experience in implementing the Leader programme have demonstrated that the Leader/CLLD methodology works, that it is a sustainable and efficient way to develop territories and that it has a long-term impact on local development. CLLD has now developed its potential further with a more closely integrated approach that can be seen as even more effective thanks to its diverse implementation model.

3.6. This diverse implementation model of CLLD helps Member States and local territories to reduce risks and enhance transparency.

3.7. The EESC strongly supports the bottom-up decision-making process, which guarantees that investments are in accordance with the real needs and potential of local areas. CLLD is meant to be even more flexible, embracing all possible community needs and allowing local people to choose the most relevant issues for their local development strategy.

3.8. The involvement and capacity building of local actors is one of the biggest advantages of the CLLD methodology. Integrated local development is the best way of building links and synergies between various stakeholders and issues in local development.

3.9. The EESC welcomes the fact that CLLD is a process involving the continuous participation and training of local people. Its more closely integrated approach gives local communities more opportunities to increase their capacities and knowledge. Rural-urban-coastal links mean those involved can learn from each other and find answers to important challenges in a more inclusive way. Continuous cooperation, networking and training enhance good governance.

3.10. The importance of the green economy, social inclusion, poverty reduction, migration issues, regional clusters, rural-urban-coastal linkages, smart solutions and IT technologies is growing in local development. CLLD creates opportunities for all the different types of territories (rural, urban and coastal) and communities to work together on these challenges. The CLLD multifund approach is a very good mechanism for supporting the 'Smart Villages' concept through capacity building, investments, innovation support and networking, as well as through the provision of innovative financing tools for improving services and infrastructure <sup>(3)</sup>.

3.11. The EESC hopes that more consistency and coordination in EU funding will make it easier for local actors to design multi-sectoral strategies supported by a combination of funds and better suited to mixed territories (e.g. rural-urban-coastal). So far, to make matters simpler in multi-fund strategies, a 'lead fund' must be designated to cover all management costs at national level. CLLD regulation with a unified set of rules for all ESI Funds at EU level would be even more efficient in reducing the bureaucratic burden.

3.12. The EESC is convinced that the inclusion of all kinds of focus areas of 4 ESI Funds for the implementation of local development strategies creates numerous advantages for all types of local action groups <sup>(4)</sup>.

3.13. CLLD is a European-rooted bottom-up development approach that can help to counterbalance anti-European tendencies in local communities by contributing to social inclusion and sustainable economic development in the territories where it is applied.

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<sup>(3)</sup> EESC opinions on *From Cork 2.0 Declaration to concrete actions* (O.J. C 345, 13.10.2017, p. 37), *Villages and small towns* (adopted on 18.10.2017, not yet published in the *Official Journal of the European Union*) and Information report on *Ex-post evaluations of the Rural Development Programmes 2007/2013*, adopted on 18.10.2017.

<sup>(4)</sup> From the outcomes of the European seminar 'Capitalising on CLLD experiences — building resilient local communities', Hungary, 8-10 November 2017, organised by the European Commission, (with the support of DG Regional and Urban Policy, DG Employment, Social Affairs and Inclusion, DG Agriculture and Rural Development, and DG Maritime Affairs and Fisheries).

#### 4. Main needs/difficulties with implementing CLLD multi-funds 2014-2020

4.1. Weak cohesion between the different funds and weak territorial cohesion have proven to be the most significant obstacles at national level, as well as low level of understanding of CLLD benefits among decision makers. A real synergy between different funds and territories (rural, urban and coastal) has been difficult to achieve because of the 'borders' that still exist between funds at national level. Each fund has different rules and regulations and there is poor cooperation between managing authorities and a lack of clear coordination in most of the countries who are implementing CLLD multi-funds. Only Sweden implements CLLD multi-funds across the entire country and has made all four ESI Funds available for all types (rural-urban-coastal) of local action group.

4.2. Member States should not add additional rules and requirements that undermine simplification. Simplification has to be real simplification in line with the rules proposed by the European Commission. Training and a clear understanding of these models is needed. According to the European Court of Auditors, there are no more mistakes in Leader projects than in other projects under different measures.

4.3. Member States should not transform CLLD into a way of delivering ear-marked funding within a pre-defined menu of national measures. CLLD should be a 'broadband' development tool with defined measures at local level.

4.4. There have been long delays in starting the programming period. Not all countries have been able to ensure continuity between programming periods and smooth implementation, which has caused a lot of uncertainty and the loss of motivation and existing knowledge. This has to be avoided in the future.

4.5. The EESC is aware that a lack of trust between CLLD actors prevents the potential of this method being harnessed. There needs to be a continuous building of this trust. Constant punishment during the implementation damages trust and good dialogue. Managing authorities, including Paying Agencies, have discretion not to sanction and this has to be used more often.

4.6. The real potential of simplification through developing IT solutions has not been realised. Not all CLLD actors have been involved in the process of developing IT tools and this has caused difficulties with the use of these systems. Local action groups' practical knowledge has to be trusted when designing IT tools for delivery. IT platforms developed by Managing Authorities have to correspond to the needs of all CLLD actors. Local action groups have to be given flexible and open platforms to enable the implementation of their local development strategies in line with the specificities of their area. Standardisation has to be avoided.

4.7. The EESC sees the discrepancies between expectations, efforts and financial means in many Member States. If the intention is to achieve real results, then enough money also has to be invested so our expectations are realistic. To achieve the impact, realism is needed in allocating enough financial means for CLLD from each ESI Fund. There are some very good examples for this in the EU (such as Saxony with 40 % and Asturias with 17 % from their RDP).

4.8. Poor dialogue between all CLLD actors (managing authorities, LAGs, paying agencies, LEADER networks — such as ELARD and national Leader and rural networks) has caused growing bureaucracy and enormous delays in starting the programming period and in the delivery of funds to project applicants. Effective and transparent coordination is needed between different authorities and ministries at national level, as well as close dialogue with LAGs. The direct dialogue between the European Commission and LAGs also needs strengthening — the EESC could provide help on this.

4.9. A lack of capacity building of authorities and local action groups to help them implement CLLD multi-funds has been recognised in most of the Member States. Continuous learning and the creation of a shared understanding of CLLD multi-fund implementation has to be made possible in order to enhance the capacity of CLLD actors. The collegial spirit has to be strengthened. LAGs and authorities need to be well-trained and made aware of each other's realities. This could be achieved through participation of public officials, LAG members and local stakeholders in fact-finding missions, trainings, staff exchanges, etc. The EESC proposes that such a programme be funded through an extension of the Erasmus programme.

4.10. The EESC is convinced that at EU level the added value of the CLLD multi-fund approach and possible implementation models have not been well explained. A clear vision has been lacking of how Member States should actually implement CLLD multi-funds. Member States have to be given simple models, structures and best practices.

4.11. The real potential of local action groups (LAGs) as facilitators for their territories has not been used well enough. The conditions need to be created to enable LAGs to concentrate on their role of mobilising the area and helping the best ideas to emerge and be implemented. Research shows that the support of local action groups as mediators is needed to nurture integrated local development. LAGs have the capacity to work across sectors and bring together different stakeholders. The task of LAGs is not to be just the source of funding and to act as an additional administrative layer, it is to act as a real development organisation initiating cooperation projects and enabling training and networking, with adequate financial and organisational support.

4.12. Clear and simple evaluation and monitoring models of local development strategies are often missing. Evaluation has to be a part of a community's learning process and it is therefore very important that local action groups continuously collect information and evaluate the implementation of their strategies. Advanced IT solutions for data collection and analysis should be introduced, combined with participatory processes and qualitative analysis in line with CLLD principles. EU level investment in should be made in coherent monitoring and evaluation tools for CLLD. In Sweden, storytelling methodology has been used to good effect.

4.13. Misuse of power by managing authorities has been identified in some Member States, where there was no dialogue between Leader/CLLD actors and LAGs had no opportunity to participate in discussions as equal partners. The EESC also warns against the domination of local municipalities and the fulfilment of their political agendas with CLLD resources. LAGs have to be guaranteed independence in their work and decision-making, without official or unofficial pressure from municipalities.

## **5. EESC proposals for the 2021-2027 programming period at EU, national, regional and local level**

*At European level:*

5.1. To establish a clear vision at EU level of obligatory CLLD multi-funds implementation to provide simple models and guidelines as soon as possible and to introduce best practice on how to implement CLLD multi-funds in Member States as soon as possible (2018).

5.2. Think out of the box by exploring and analysing in depth opportunities to create a reserve fund for CLLD at EU level. Irrespective of this, the European Commission will have to ensure that all Member States have a national CLLD Fund.

5.3. Set out a harmonised framework for all ESI Funds and establish simple rules for the CLLD Fund implementation at EU level.

5.4. Require the design of a special CLLD source of funding (CLLD Fund) with contributions from all four ESI Funds corresponding to all the focus areas of the different funds for rural, urban and coastal territories at national level (please see the proposed model below).

5.5. Require Member States to allocate at least 15 % from each ESI Fund budget for the CLLD Fund and sufficient national resources.

5.6. Strengthen the dialogue between all CLLD actors at each level (European, national, regional and local).

5.7. Find a more memorable and acceptable name — LEADER due to its successful history would be a good name for this tool, for example.

5.8. Share best practice in the use of the new CLLD in urban areas by keeping it in one location, so does not have to be looked for in every DGs (example: [www.clld-u.eu](http://www.clld-u.eu)).

*At national or (in devolved administrations) regional level:*

5.9. Guarantee the use of the CLLD multi-fund approach for all types of territories (rural, urban and coastal) and benefit from the advantages of integrated local development.

5.10. Allocate 15 % minimum from each ESI Fund budget for the national CLLD Fund and add sufficient national resources to guarantee the implementation of the real potential of this method.

5.11. Establish a CLLD Operational programme through which this Fund will be deployed to support integrated local development in rural, urban and coastal territories. The CLLD Fund in each Member State should be earmarked for the objectives set by local development strategies, with no distinction or demarcation between the different ESI Funds. The CLLD Fund should be deployed on a decentralised basis through local action groups, so that strategies can respond to local needs and challenges.

5.12. Establish one managing body for the implementation of CLLD at national level.

5.13. Avoid gaps between programming periods and ensure the smooth launch of the 2021-2027 programming period.

5.14. Enable close dialogue between all CLLD actors at national level and with LAGs in order to design a CLLD operational programme at national level.

5.15. Enable the continuous capacity building of authorities and LAGs.

5.16. Use the potential of developing holistic IT solutions to make the CLLD delivery process easier. All CLLD actors have to be involved in the process of developing IT tools and all actors must benefit from the IT solutions developed.

5.17. Continue with cooperation under the Integrated Territorial Investment (ITI) tool, which is used for larger territories and macro-projects.

5.18. Prepare a campaign to introduce CLLD as a synergy tool — in order to achieve effectiveness, partnership, subsidiarity and financial support.

*At regional and local level:*

5.19. Ensure the real added value of integrated local development and the reasonableness of costs. Benefit from territorial cohesion that creates synergy and helps use new resources and opportunities.

5.20. If appropriate and in order to enhance better cohesion of territories and increase the administrative capability of local action groups, give serious consideration to including all different types of territories (rural, urban and coastal) in the same local action group or build strong links between local development strategies in different types of territories. At the same time, care has to be taken that local action groups do not grow too big and lose their connection with the grassroots.

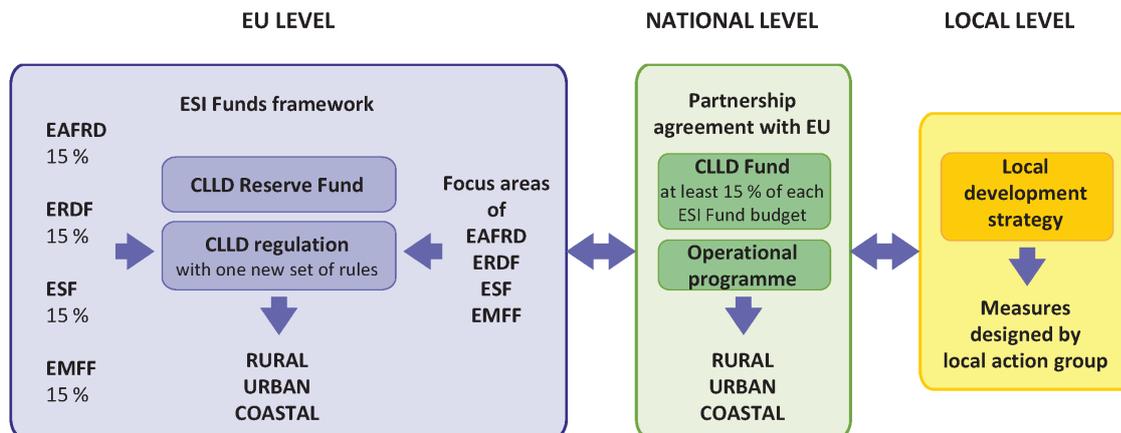
5.21. Keep local development participatory strategies in line with — and adapted to — changing living and working conditions, including all the relevant issues (social cohesion, poverty reduction, migration, regional clusters, green economy, climate change, smart solutions, technology, etc.) and to benefit from the revolution of new technologies and IT.

5.22. Be an active promoter and work across sectors by involving all relevant stakeholders in the LAG territory. Pay special attention to design and implement participatory processes.

5.23. Be active in inter-territorial and transnational cooperation.

5.24. Enable continuous training, networking and cooperation of local actors and LAG staff.

5.25. Organise the continuous evaluation of the implementation of local development strategies and find ways to involve communities in this evaluation process.



Brussels, 7 December 2017.

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

## III

*(Preparatory acts)*

## EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

530TH EESC PLENARY SESSION, 6 AND 7 DECEMBER 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 an initiative to support work-life balance for working parents and carers’**

[COM(2017) 252 final]

**‘Proposal for a Directive of the European Parliament and of the Council on work-life balance for parents and carers and repealing Council Directive 2010/18/EU’**

[COM(2017) 253 final – 2017/0085 (COD)]

(2018/C 129/07)

Rapporteur: **Erika KOLLER**Co-rapporteur: **Vladimíra DRBALOVÁ**

Consultation	Commission referral: 17.11.2017 Council of the European Union referral: 10.5.2017 European Parliament referral: 15.5.2017
Legal basis	Article 153, paragraph 1, point (i) and Article 153, paragraph 2, point (b) of the Treaty on the Functioning of the European Union
Plenary Assembly decision	8.12.2015
Section responsible	Employment, Social Affairs and Citizenship
Adopted in section	8.11.2017
Adopted at plenary	6.12.2017
Plenary session No	530
Outcome of vote (for/against/abstentions)	182/11/4

**1. Conclusions and recommendations**

1.1. The EESC welcomes the initiative of the European Commission to increase the labour market participation of parents with children, particularly women, by helping them to achieve a better work-life balance, thereby unlocking their full skills potential.

1.2. In addition, the EESC considers that the package's proposals should be further analysed, taking into account the actual situation in each Member State as well as the costs and organisational efforts for enterprises and, in particular, SMEs. Moreover, the following measures should also be taken: tackle stereotypes, disseminate good practices and create national action plans on work-life balance.

1.3. Modern work-life balance policies should provide families with appropriate choices while taking into consideration the needs of businesses. The EESC encourages the social partners throughout Europe to examine additional practical solutions to promote a work-life balance that suits the specificities of their particular workplace <sup>(1)</sup>.

1.4. While the EESC acknowledges that implementing the proposals will entail costs for the Member States and businesses, it is confident that the long-term benefits will outweigh the short-term increased costs. The EESC believes that measures to support small and medium-sized enterprises should be further explored.

1.5. The EESC believes that it is important that both women and men have an individual entitlement to leave. However, it recognises that businesses, particularly SMEs, may encounter organisational difficulties due to the increase in the scope of the entitlement. Any problem arising from the application of this provision should be dealt with in accordance with national law, collective agreements and/or practice.

1.6. The EESC is of the opinion that the work-life balance package is a step in the right direction, but also that it should be improved in the future, based on appropriate impact assessments.

1.7. The EESC stresses the need for more investment in high-quality, affordable and available care services and facilities for every family, and calls on the Commission to use the country specific recommendations (CSRs) in the framework of the European Semester, as well as the regional development funds, to encourage the Member States to increase their efforts.

1.8. Although the proposal for a directive deals with tax systems to some extent, the EESC regrets that it does not go far enough. The way in which tax systems are designed can influence peoples' decision whether or not to enter the labour market. Tax deductions that help working parents to continue working should be considered.

## 2. Introduction

2.1. Equality between women and men is a fundamental value and principle of the European Union <sup>(2)</sup>. Over the course of the last sixty years, the EU has made great progress by adopting a series of equality and anti-discrimination directives, policy programmes and funding instruments to promote gender equality in the European Union <sup>(3)</sup>. The EU's legal framework for family-related forms of leave and flexible working arrangements was established in the 1990s and has been continuously updated, the most recent directive being that on Parental Leave adopted in 2010 <sup>(4)</sup>. Outside the legislative framework, recommendations issued in the context of the European Semester <sup>(5)</sup>, EU funding and policy guidance <sup>(6)</sup> also play a role.

2.2. However, the progress made over the previous decades has almost come to a standstill <sup>(7)</sup>, as evidenced by the persistent gender pay gap of 16,3 % and women's unequal role and participation in the labour market, where 31 % of women work part-time compared to 8,2 % of men, while women's general labour market participation continues to trail

<sup>(1)</sup> See Eurofound, *Work-life balance and flexible working arrangements in the EU*, EPSCO meeting, Tallinn, 19-20 July 2017.

<sup>(2)</sup> Article 19 and Article 153 TFEU; Charter of Fundamental Rights (Article 23 and Article 33).

<sup>(3)</sup> Directives 2006/54/EC; 2014/124/EU; 79/7/EEC; 2004/113/EEC; 92/85/EEC; 2010/18/EU.

<sup>(4)</sup> See Directive 2010/18/EU (OJ L 68, 18.3.2010); Directive 2006/54/EC (OJ L 204, 26.7.2006), Directive 92/85/EEC (OJ L 348, 28.11.1992), Directive 97/81/EC (OJ L 14, 20.1.1998). The Maternity Leave Directive (Directive 92/85/EEC) was adopted in 1992 and has not changed since. The Parental Leave Directive, first adopted in 1996, was revised and improved in 2010.

<sup>(5)</sup> For more information, see [https://ec.europa.eu/info/strategy/european-semester\\_en](https://ec.europa.eu/info/strategy/european-semester_en).

<sup>(6)</sup> The Council issued a Recommendation on childcare (92/241/EEC, OJ L 123, 8.5.1992) as early as 1992.

<sup>(7)</sup> Eurostat, Gender pay gap:

<http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tsdsc340&plugin=1>.

more than 12 percentage points behind that of men<sup>(8)</sup>. At the same time, studies show that the gender pension gap is as high as 40 %. All this points to the need to be even more proactive to ensure equality between women and men in all areas of life, including a focus on the feminisation of poverty.

2.3. Women's unequal participation in the labour market is closely related to the unequal distribution of care responsibilities. The lack of adequate, accessible, affordable and high-quality care services ranging from childcare to community-based care services for older family members and persons with disabilities also contributes to the care gap<sup>(9)</sup>.

2.4. Obstacles and barriers to work-life balance have not only been identified as factors preventing women from participating fully in the labour market, but also as having an impact on demographic trends, the economy and the role of men as equal carers. Regarding the economic impact, a recent study by Eurofound<sup>(10)</sup> estimates the economic loss due to the gender employment gap at EUR 370 billion per year. In some Member States, more than 25 % of women are economically inactive because of care responsibilities. While staying at home is rarely a choice these days due to economic reasons, there are still societal expectations based on the stereotypical view of women as primary carers and men as family breadwinners. Evidence shows that mothers who stay at home for all or part of their active life will be less economically independent, have fewer chances of making a career and be more likely to experience poverty in old age. Work-life balance policies are tools that will enable women and men to make their choices starting from a level-playing field. The EESC highlights that provisions on worker's rest time and work-life balance should take into account, where applicable, a common weekly day of rest recognised by tradition and custom in the country or region, also respecting relevant (sectoral) collective agreements and established practices at local and company level.

2.5. The European Commission announced its initiative New start to address the challenge of work-life balance faced by working families<sup>(11)</sup> in a roadmap in August 2015. In November 2015, in line with Article 154(2) TFEU, the Commission launched a two-stage consultation<sup>(12)</sup> with the European social partners to obtain their views on this initiative. The social partners did not open negotiations. While European employers considered the current EU legal framework to be sufficient, the European trade unions pushed for a stronger legislative framework. The Commission also launched a public consultation, which revealed that 60 % of respondents wanted an EU legislative framework on work-life balance. On 26 April 2017, the Commission adopted a proposal for a European Pillar of Social Rights, which includes a proposal for a directive to support work-life balance for working parents and carers alongside a set of non-legislative proposals.

### 3. General comments

3.1. The EESC agrees with the need for proactive policies aimed at fostering shared responsibility for childcare between men and women. Studies also show that involving men in care responsibilities benefits families as well as Europe's economy and competitiveness. Boosting women's participation in the labour market would also improve businesses' access to skilled labour and talent, helping to unlock the full potential of women at a time when the EU's workforce is shrinking, the population is ageing and the demographic curve remains a serious challenge for public finances. These policies should also focus on creating incentives for employers to increase labour supply, on providing childcare support and on various forms of leave and flexible working arrangements.

3.2. The EESC would like to point out the fundamental role the Commission and the Member States (in consultation with the social partners and wider civil society) must play in tackling stereotypes (including through education and public awareness-raising campaigns), reducing labour market segregation and equipping individuals with updated and upgraded skills fit for future labour market needs.

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<sup>(8)</sup> Eurostat, Labour Force Survey, 2016.

<sup>(9)</sup> See the following EESC opinions: OJ C 21, 21.1.2011, p. 39, OJ C 218, 23.7.2011, OJ C 12, 15.1.2015, p. 16, OJ C 332, 8.10.2015, p. 1, OJ C 487, 28.12.2016, p. 7.

<sup>(10)</sup> Eurofound (2016), *The gender employment gap: Challenges and solutions*, Publications Office of the European Union, Luxembourg.

<sup>(11)</sup> [http://ec.europa.eu/smart-regulation/roadmaps/docs/2015\\_just\\_012\\_new\\_initiative\\_replacing\\_maternity\\_leave\\_directive\\_en.pdf](http://ec.europa.eu/smart-regulation/roadmaps/docs/2015_just_012_new_initiative_replacing_maternity_leave_directive_en.pdf).

<sup>(12)</sup> Letter Ref. Ares(2015)5003207 — 11/11/2015 from Michel Servoz addressed to the European social partners.

3.3. The EESC welcomes the Commission's package to address work-life balance, as it proposes a more equal sharing of tasks as a way of removing some of the more significant structural barriers to bringing women into employment.

#### 4. Specific comments

##### 4.1. Paternity leave

4.1.1. The EESC believes that the Commission's decision to address the lack of uptake of paternity leave by introducing an individual entitlement to non-transferable paternity leave of at least ten working days, paid at no less than the level of the existing sick pay entitlement, accompanied by a cost-benefit analysis at national level, is a step in the right direction. The Committee, however, points out that 'sick pay entitlements' vary considerably throughout Europe and range from lump sums well below the wage earned up to a 100 % replacement rate of the wage concerned. It stresses that the compensation should be adequate, encourage fathers to take their responsibility as well as and give parents more choice both before and after the birth of their child, taking into account national practices regarding maternity pay.

4.1.2. While noting that provisions for paternity leave already exist in 21 Member States, with an average length of two and a half days<sup>(13)</sup>, the EESC deems this duration to be very short and regrets that uptake is largely still lacking, something which should be further analysed. The EESC therefore believes that the Commission's proposal meets the need to provide incentives for fathers to take paternity leave, taking account of existing successful practices in some Member States<sup>(14)</sup> and noting the equal role of fathers in family responsibilities.

4.1.3. Nonetheless, the EESC stresses that it considers the right to a period of leave of 10 days for this purpose, as provided for in the proposal for a directive, to be a first step in the right direction in order to achieve the proposal's goal of substantially increasing fathers' participation. In the Committee's view, however, a longer period — e.g. up to one month — to be agreed between employer and employee would be more appropriate to achieve the proposal's goal.

##### 4.2. Parental leave

4.2.1. The share of men taking advantage of parental leave ranges from 40 % to as little as 2 % in some Member States<sup>(15)</sup>. The existing parental leave framework and mind-sets have not sufficiently addressed the reasons behind men's low take-up of this leave.

4.2.2. The EESC recognises that businesses, especially SMEs and microbusinesses, may encounter organisational difficulties due to the extension of the age of the child from eight to 12 years for parental leave purposes.

4.2.3. The EESC particularly welcomes the Commission's proposal for the individualisation of parental leave entitlements and their non-transferability. It notes the need for a decent salary compensation for at least the level of sick pay, which may be subject to any ceiling laid down in national legislation<sup>(16)</sup>, accompanied by a cost-benefit analysis at national level, as well as for non-discrimination provisions, as all this can have a positive impact on the uptake of parental leave by fathers.

4.2.4. Moreover, the EESC also believes that the negotiation on the proposal should maintain a balance between the needs of employees and those of employers. The Commission's Impact Assessment (IA) showed that the impact of the proposal is mixed, depending on the time frame. The costs of the proposed measures (resulting mainly from loss of production due to the administrative burden of processing applications and the need to temporarily replace staff) will rise in the short to medium term, while over a longer time frame the package should entail only limited costs for businesses<sup>(17)</sup>.

<sup>(13)</sup> [http://www.europarl.europa.eu/RegData/etudes/ATAG/2016/593543/EPRS\\_ATA\(2016\)593543\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/ATAG/2016/593543/EPRS_ATA(2016)593543_EN.pdf).

<sup>(14)</sup> RAND Europe, Policy brief by Janna van Belle, *Paternity and parental leave policies across the European Union*.

<sup>(15)</sup> <http://www.oecd.org/social/parental-leave-where-are-the-fathers.pdf>.

<sup>(16)</sup> Article 11(3) of Directive 92/85/EC.

<sup>(17)</sup> Commission SWD Impact assessment accompanying the Communication *A new start to support work-life balance for parents and carers*.

#### 4.3. Carers' leave

4.3.1. The EESC notes that the lack of adequate provision for leave to provide care for relatives with support needs also contributes to the unequal distribution of care responsibilities, with women often exclusively shouldering the care burden. This hampers their physical and mental health, social inclusion and participation in the labour market and consequently contributes to them having inadequate pension entitlements.

4.3.2. Legislation on access to leave for carers has been adopted in almost all EU Member States, but duration, eligibility, benefit level and entitlement to social security rights vary greatly across countries<sup>(18)</sup>. The EESC therefore welcomes the proposal to establish a minimum European playing-field by introducing an individual entitlement to carers' leave of at least five days per year, paid at the level of sick pay. However, this is only a first step and more will need to be done by the Commission to support and complement the Member States' efforts to help families cope better with growing care responsibilities. The introduction of this individual entitlement should be linked to the development of support mechanisms for carers.

4.3.3. The EESC welcomes the approach taken by the Commission, namely to propose work-life balance measures covering workers throughout their lives, including women belonging to the 'sandwich generation', i.e. those who find themselves with care responsibilities for relatives from more than one generation. Lack of care provision often forces these workers, especially women, out of paid employment just a few years before retirement, with the concomitant barriers to re-entering the labour market after the age of 50.

4.3.4. The EESC also stresses that leave for individual carers should not serve as a substitute for professional, accessible, affordable and high-quality community-based care services, which will also greatly contribute to future economic development.

4.3.5. Furthermore, the EESC notes that the different types of care leave cannot be fully and exactly compared, as not only is caring for an elderly person different in nature to caring for a child, it can also involve the extended family, including in decision-making.

4.3.6. An important aspect of care for people with disabilities is separating professional care from family care in an attempt to create a situation in which the burden on families can be alleviated as much as possible. However, regardless of the form of care in question, carers must have access to the social security system.

#### 4.4. Flexible working arrangements

4.4.1. Flexibility in working arrangements is essential to enable businesses to adapt their workforce to a changing economic context. It is also a useful tool for enhancing performance and productivity<sup>(19)</sup>, as well as for enabling workers to manage their work-life balance. It is therefore important that social dialogue at local and sectoral level tackles these aspects in order to put in place forms of work that enable a balance between private and work life.

4.4.2. Flexible working arrangements can help with many care responsibilities, but should not impact negatively on the employment situation of working carers. The proposal for a directive provides for a right of a working parent or carer of relatives in need of care or support to ask for flexible working arrangements.

4.4.3. The proposal introduces the possibility for workers to make use of (i) a reduction in working hours, (ii) flexible work schedules and (iii) remote working possibilities. The EESC points out that such flexible working arrangements must meet most workers' needs and incorporate a life-cycle approach. These issues should be tackled through social dialogue and collective bargaining at the level closest to the situation in question. In addition, the right to return to the original working pattern must be guaranteed. At the same time, the right of employers to consider the request for flexible working

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<sup>(18)</sup> See: Bouget, D., Spasova, S. and Vanhercke, B. (2016), *Work-life balance measures for persons of working age with dependent relatives in Europe. A study of national policies*, European Social Policy Network (ESPN), Brussels: European Commission <https://webgate.ec.europa.eu/emplcms/social/BlobServlet?docId=16325&langId=en>.

<sup>(19)</sup> Chung, H., (2017) *Work Autonomy, Flexibility and Work Life Balance*: final report accessible at: <http://wafproject.org/research-outputs/final-report/>.

arrangements taking into account the needs of both employers and workers should be respected. Any problem arising from the application of this provision should be dealt with in accordance with national law, collective agreements and/or practice.

4.4.4. The impact of the digitalisation of the workplace and employment relationships may go as far as reshaping traditional working patterns. In that respect, further reflection is needed on the way in which leave for care purposes is traditionally viewed as the pivotal choice for families to balance work and family life. All too often, it is women who take up flexible working arrangements to cope with care responsibilities while continuing to work. This hampers their progress within their place of work, in terms of both their remuneration and their professional development. Moreover, the EESC wants to highlight that flexible working arrangements should not be treated as a 'women's issue' by focusing on mothers or women that need to care for their dependent relatives. Businesses must encourage flexible forms of work for both men and women and contribute to a cultural evolution that is in line with men's and women's aspirations and that also promotes greater professional equality. Flexible working arrangements must also be fully reversible, employee-friendly and available in all forms of contracts. Effectively enforcing the right to return to the original working pattern is particularly important in this context.

4.4.5. Moreover, while digitalisation can support flexible working arrangements by allowing employees to work remotely, it can also present some challenges and risks.

#### 4.5. Non-legislative initiatives

The Proposal for a Directive of the European Parliament and of the Council on work-life balance for parents and carers repealing Council Directive 2010/18/EU is accompanied by a range of non-legislative initiatives which complete the whole work-life balance package. The EESC welcomes the additional non-legislative proposals that complete the package on work-life balance, such as:

##### 4.5.1. Childcare and long-term care

4.5.1.1. The lack of available childcare and the high cost of childcare are among the biggest disincentives to return to work for a second earner in a dual-income couple. In the EU, only 28 % of children aged 0-3 years old were cared for in formal care services in 2014, compared to 83 % of children aged between 3 and the compulsory school age. These numbers are below the Barcelona targets set in 2001, which should have been reached by 2010. For these reasons, the EESC regrets that the Barcelona childcare targets, which aimed at providing sufficient accessible, affordable and high-quality childcare at Member State level, have not been met.

4.5.1.2. High costs for parents and the opening hours of facilities, which are incompatible with full-time work, remain a challenge. The Commission's report demonstrates that investment in high-quality services must continue. The European Parliament also notes that for 27 per cent of Europeans the lack of infrastructure and the quality of the services available makes them difficult to access<sup>(20)</sup>.

4.5.1.3. The EESC notes that the Commission proposes to revise the Education and Training targets but does not mention the achievements of the Barcelona targets. However, the Education and Training target for early childhood education and care (ECEC) has a smaller scope as it only focuses on children from 4 years of age to school age. The EESC therefore calls for urgent action to revise the Education and Training target for ECEC to align it with the Barcelona targets by enlarging its scope (i.e. including targets for children below 4 years of age). The new targets resulting from this revision should be more ambitious than the current Barcelona targets. Moreover, the EESC calls for the development of EU-level benchmarks for out-of-school care and long-term care services.

4.5.1.4. The EESC welcomes the Commission's plans to step up the guidance and monitoring of care service provision in the Member States in the context of the European Semester and to promote the exchange of best practices. It also encourages the improvement of data collection at EU level and supports the plan to revise the Education and Training targets for early childhood education set for 2020. Moreover, the EESC is particularly keen to see the use of various

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<sup>(20)</sup> See the European Parliament Resolution of 13 September 2016 on *Creating labour market conditions favourable for work-life balance* (2016/2017(INI)).

European funding instruments tailored to the specific needs of the Member States. In this context, the EESC has on several occasions called for far more ambitious promotion of social investment, considering in particular the 'multiple dividends' of investing in childcare facilities <sup>(21)</sup>.

4.5.1.5. The Committee believes that capacity building/information seminars, with the full participation of all stakeholders, are very important as accompanying measures but notes that they are required on a much larger scale than currently proposed. There is a particular need for information seminars on dismissal protection after returning from maternity leave.

#### 4.5.2. Work-life balance and fiscal policy

4.5.2.1. Although the proposal for a directive deals with tax systems to some extent, the EESC regrets that it does not go far enough. Tax systems can have a direct impact on labour market participation, in particular for 'second earners', the majority of whom are women. The way in which tax systems are designed can influence peoples' decision whether or not to enter the labour market. Tax deductions that help working parents to continue working should be considered.

4.5.2.2. The EESC considers that the European Commission's proposal to address fiscal disincentives will complement and support the other measures in the package. In particular, it supports the identification of country-specific obstacles resulting from gender-biased tax benefit systems and proposes that these be addressed through recommendations issued in the context of the European Semester.

#### 4.5.3. The role of civil society actors

4.5.3.1. In addition to the need for high-quality, accessible and affordable public services, including care services for children, older relatives and other dependents, the social economy and the non-governmental sector can make a useful contribution to providing services to support work-life balance. In many cases, without their efforts, service provision would not be ensured.

4.5.3.2. The social partners have a particular role to play in implementing work-life balance policies in the workplace, in particular through negotiations and collective agreements. The EESC welcomes the attention that the European social partners have given to gender equality in their work programmes over the years, with the aim of producing tangible results.

Brussels, 6 December 2017.

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

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<sup>(21)</sup> See, inter alia, the EESC opinions OJ C 271, 19.9.2013, p. 91, OJ C 226, 16.7.2014, p. 21, OJ C 125, 21.4.2017, p. 10.

**Opinion of the European Economic and Social Committee on the ‘European Defence Industrial Development Programme’**

[COM(2017) 294 final]

(2018/C 129/08)

Rapporteur: **Antonello PEZZINI**

Co-rapporteur: **Éric BRUNE**

Consultation	7.6.2017
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Outcome of vote	133/2/5
(for/against/abstentions)	

### 1. Conclusions and recommendations

1.1. The European Economic and Social Committee strongly supports the launch of the European Defence Industrial Development Programme (EDIDP), which is aimed at creating an interoperable and integrated common defence system — all the more urgent given the current geopolitical situation — by boosting Europe’s strategic autonomy in the defence <sup>(1)</sup> industry and developing a solid common European industrial and technological base.

1.2. The EESC deems essential a new approach that sees permanent structured cooperation (PESCO) as the primary mechanism of the Lisbon Treaty that can serve as both a political incubator for building a ‘Europe of defence’ and as a catalyst for Member States’ willingness and commitments, in line with Articles 42(6) and 46 TEU and Protocol 10 to the Treaty.

1.3. The Committee believes that only an ‘inclusive and ambitious’ PESCO <sup>(2)</sup>, which can establish a list of criteria and binding commitments, can bring about a process that overcomes the fragmentation of supply and demand and gradually creates a transparent and open European market.

1.4. The EESC believes that the EDIDP Regulation should be framed by a common strategic vision for the defence industry that can move towards the effective integration of European manufacturers and users, involving at least three Member States, when it comes to the financed projects and the procurement of goods and services.

1.5. The EESC strongly maintains the need for structured dialogue at European level, in synergy and coordination with NATO <sup>(3)</sup>, and a council of defence ministers that can provide ongoing political leadership and a forum for consultation and the adoption of genuinely European decisions.

1.6. The EESC considers it essential that the EDIDP be underpinned by a system of governance that enables it to set specific, shared objectives, by means of:

— an advisory committee of industry experts, to set the priorities for its work programme, and a management committee that includes the Member States.

<sup>(1)</sup> OJ C 288, 31.8.2017, p. 62.

<sup>(2)</sup> See Council, 22-23 June 2017.

<sup>(3)</sup> See Joint Declaration, 8 July 2016.

1.7. The regulation should ensure:

- a good geographical balance between European countries;
- a significant involvement of small businesses;
- an end to job insecurity for workers in the European defence technological and industrial base to reaffirm the validity of EU funding;
- compliance with social and environmental standards, particularly in terms of eco-design and job security<sup>(4)</sup>, in order to safeguard the industry's skills; and
- that all EU businesses, regardless of their location and size, have transparent opportunities to participate in the EDIPD programme.

1.8. The EESC agrees that the EDIDP should focus on the development of products and services and on prototyping.

1.9. The EESC considers that a prerequisite to the establishment of a common framework for European defence is the development of a **widespread European culture of defence and security**, to give a full meaning to European citizenship.

## 2. Introduction

Attempts to establish a common European defence arrangement have constituted a constant — albeit extremely sensitive — issue throughout the history of European integration.

2.1. The first attempt was the launch of the European Defence Community (EDC) in 1954, which ultimately failed on 30 August 1954. The second was the launch of the Common Security and Defence Policy in 2000, followed by the creation of the European Defence Agency (EDA) in 2004. Then came the launch of the EU Global Strategy (EUGS)<sup>(5)</sup>, and the signing of the 2016 EU-NATO Joint Declaration<sup>(6)</sup>.

2.2. In addition to providing significant benefits for Europe's economy, further development of the defence industry could — if managed in a forward-looking manner — constitute the cornerstone of a broader, more fitting vision, aimed at giving rise to a truly European defence arrangement.

2.3. The slow but necessary process of overcoming a nationalistic view of defence — which is in contrast, inter alia, with the existence of strong politico-military groupings in the world and which has highlighted the fragility and political weakness of Europe in major world events — could opportunely build on the initiative of the Parliament and the Council. Through the action of the Commission, this initiative can promote the industry and the European defence market.

2.3.1. The European defence industry — understood as the entire industry that develops, produces and provides goods and services to the armed forces, police and security services in the EU Member States — has a number of specific features: technological change is radically transforming the nature and complexion of defence and security, and this is having a considerable impact on the industry, from the use of big data, to unmanned vehicles and equipment and artificial intelligence.

2.3.2. With regard to Europe's economy: with a turnover of EUR 100 billion per year and employing 1,4 million highly skilled people<sup>(7)</sup>, it is one of the EU's leading industries, with strong spill-over into other sectors, such as electronics, aviation, shipbuilding, space and technical textiles.

2.3.3. From a technological perspective: constantly at the cutting edge of technology, the industry enhances the EU's competitiveness, as it generates spin-offs of excellence which must be supported in order to integrate civilian technologies into complex systems, which can be adapted to the specific features of defence.

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<sup>(4)</sup> ISO 14000 and ISO 18000, ISO 14006 and ISO 45001, ISO 14006.

<sup>(5)</sup> European Union, *Shared Vision, Common Action*, June 2016 – [https://europa.eu/globalstrategy/sites/globalstrategy/files/eugs\\_review\\_web.pdf](https://europa.eu/globalstrategy/sites/globalstrategy/files/eugs_review_web.pdf).

<sup>(6)</sup> Joint Declaration, Warsaw, 8 July 2016, [http://www.nato.int/cps/en/natohq/official\\_texts\\_133163.htm](http://www.nato.int/cps/en/natohq/official_texts_133163.htm).

<sup>(7)</sup> Aerospace and Defence Industries Association of Europe, 2017.

2.3.4. As regards the internal market: the defence market has traditionally remained outside the process of establishing the European single market, and the continued existence of 27 markets, divided by national programmes, has prevented the harnessing of economies of scale in production <sup>(8)</sup>.

2.3.5. With regard to demand: the defence sector is primarily dependent on demand from the individual Member States and on their national budgets. Defence budgets in the EU have decreased by EUR 2 billion per year over the last decade, and the EU-27 Member States are investing, on average, 1,32 % of GDP in defence.

2.3.6. From a strategic perspective: if Europe is required to ensure adequate levels of security for its citizens and businesses, safeguard the territorial integrity of its borders and take on responsibilities in the world, it must secure credible defence capabilities, ensuring an appropriate level of strategic autonomy and technological and industrial development, with a common European base.

2.4. The current state of affairs also jeopardises Europe's ability to tackle the new security challenges, as the cost of equipment increases <sup>(9)</sup> and the pace of obsolescence speeds up.

2.4.1. Investment in the defence of the EU as a whole is now less than half of that in the US.

2.5. While the European defence industry has been able, at least partially, to offset the reduction in internal orders through exports, by globalising production and sales, the continued fragmentation of defence policy has led to increasingly visible inefficiencies and weaknesses in terms of:

- the loss of economies of scale,
- constant increases in unit production costs,
- a lack of competition between companies in producer countries,
- divergent technical and regulatory standards,
- slower innovation rates,
- growing technological gaps vis-à-vis leading companies outside the EU,
- high levels of dependency on foreign suppliers.

2.6. This situation also jeopardises Europe's ability to tackle the new challenges, given the relatively low expenditure commitments, combined with low levels of harmonisation between national policies.

2.6.1. Moreover, some 80 % of defence procurement remains on a purely national basis, with obvious duplication of costs.

2.7. The armed forces in the countries of the EU have developed a high level of operational integration and have a long experience of cooperation, while remaining as 27 fully separate structures, with strictly national support services, although they are increasingly turning to various kinds of initiatives that fall under the umbrella of 'pooling and sharing' <sup>(10)</sup>.

2.8. Various documents on the EU Global Strategy have set five specific objectives that are particularly important for European defence:

1. having full-spectrum land, air, space and maritime capabilities;
2. securing the technological and industrial means to acquire and maintain the military capabilities required to act autonomously;
3. investing in remotely piloted aircraft systems (RPAS);

<sup>(8)</sup> SWD(2017) 228 final, point 2.2.

<sup>(9)</sup> See point 9.

<sup>(10)</sup> See, for example, the Eurofighter Typhoon and A400M programmes.

4. investing in satellite communications and autonomous access to space and permanent earth observation;
5. equipping and assisting Member States with defence capabilities to protect against cyber threats.

2.9. The package of initiatives that includes the proposal for a regulation establishing the European Defence Industrial Development Programme and the proposal to create a European Defence Fund to support investment in joint research and the joint development of defence equipment and technologies is aimed at launching a process of reform of the defence and security industry, and specifically:

- strengthening cooperation between Member States and generating new cooperation programmes;
- lowering the barriers between national markets;
- helping to boost the competitiveness of the European defence industry;
- promoting synergies between civil and military research; and
- identifying areas such as energy, space and dual-use technologies that can help strengthen Europe's defence capabilities.

2.9.1. To meet the sector's overall challenges, the potential of the European Defence Agency needs to be harnessed in order to identify common operational areas of action to be submitted for the decision of the Member States.

2.10. The European Council of 15 December 2016 called for 'proposals in the first semester of 2017 for the establishment of a European Defence Fund including a window on the joint development of capabilities commonly agreed by the Member States' <sup>(1)</sup>. In March 2017, the conclusions of the joint Foreign Affairs and Defence Council called for the establishment of a military planning and conduct capability (MPCC) and a new structure to improve the EU's ability to react in a faster, more effective and more seamless manner.

2.11. The European Council of 22-23 June 2017 agreed on 'the need to launch an inclusive and ambitious permanent structured cooperation (PESCO)' with a common list of criteria and binding commitments, fully in line with Articles 42(6) and 46 TEU and Protocol 10 to the Treaty, and consistent with national defence planning and commitments agreed within NATO and the UN by the Member States concerned <sup>(2)</sup>.

2.12. For its part, the European Parliament has continued to seek enhanced cooperation on defence between the EU Member States, as well as the full implementation of the Lisbon Treaty as regards security and defence. In its resolution of 22 November 2016 on the European Defence Union <sup>(3)</sup> the Parliament encouraged 'the European Council to lead the progressive framing of a common Union defence policy and to provide additional financial resources to ensure its implementation'.

2.12.1. The European Parliament also emphasised the need for European countries to possess credible military capabilities and encouraged Member States to step up their collaborative efforts; it also reiterated its call for the systematic coordination of military requirements in a harmonised planning process and in line with the NATO Defence Planning Process <sup>(4)</sup>.

2.13. The Committee, for its part, has expressed its views on defence policy <sup>(5)</sup> on a number of occasions, calling for 'significant qualitative progress in European defence cooperation', given that 'the EU's defence market and industry is overly fragmented' <sup>(6)</sup>.

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<sup>(1)</sup> Foreign Affairs Council Conclusions, 15 November 2016.

<sup>(2)</sup> See footnote 2.

<sup>(3)</sup> <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P8-TA-2016-0435+0+DOC+XML+V0//EN>

<sup>(4)</sup> <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2012-0456+0+DOC+XML+V0//EN>

<sup>(5)</sup> OJ C 288, 31.8.2017, p. 62; OJ C 67, 6.3.2014, p. 125; OJ C 299, 4.10.2012, p. 17; OJ C 100, 30.4.2009, p. 114; OJ C 100, 30.4.2009, p. 109.

<sup>(6)</sup> OJ C 288, 31.8.2017, p. 62.

### 3. The European Commission proposal

3.1. The European Commission is proposing to establish a European Defence Industrial Development Programme with a budget of EUR 500 million for the period from 1 January 2019 to 31 December 2020. Its objectives are:

- to bolster the competitiveness and innovation capacity of the EU's defence industry by supporting projects in their development phase and promoting all forms of innovation;
- to optimise cooperation between companies in the development of products and technologies;
- to support R & D, and particularly to foster the development of the results of research; and
- to boost cooperation between companies so as to reduce overlapping and fragmentation and create economies of scale.

3.2. The EU's financial contribution is to take the form of grants, financial instruments and public procurement and will support the design, definition of common technical specifications, prototyping, testing, qualification and certification of defence products, components and technologies.

3.3. The proposed eligibility criteria are: proposals for cooperation must involve at least three companies that are established in at least two Member States; the funding rate is limited to 20 % of the total cost of the project in the case of prototyping, while in all other cases the total cost may be covered.

### 4. General comments

4.1. The EESC welcomes the initiatives put forward here aimed at tackling the threats of tomorrow and protecting citizens — including by means of cybersecurity — by boosting the strategic autonomy of Europe's defence industry and developing a solid common European industrial and technological base.

4.2. The Committee strongly supports the launch of the European Defence Industrial Development Programme with a proposal for a regulation **as a first step that must be improved and built on** in terms of the funds currently allocated, the aim being to create a common defence system, particularly as regards R & D, which is all the more urgent given the current geopolitical situation.

4.3. The EESC believes that it is time to create a genuine, comprehensive, effective and competitive **single EU-27 European defence market**, with the following features:

- more open and free from segmentation, including in terms of standards, technical specifications and CE certification;
- better access to raw materials;
- specific support for SMEs and mid-cap companies;
- easier access to funding, information and other markets;
- strong role specialisation;
- efficient use of energy and space infrastructure;
- better border protection, with maritime security a necessity;
- foresight activities, with a view to a participatory, shared vision across the whole EU;
- sustainable and socially acceptable development to combat job insecurity; and
- facilitation of intra-EU trade by simplifying temporary imports between businesses for AEOs <sup>(17)</sup>.

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<sup>(17)</sup> AEOs — Authorised Economic Operators are businesses that meet certain standards designed to ensure the safety and security of the international supply chain.

4.3.1. The EESC firmly believes that combating the job insecurity of workers in the European defence technological and industrial base is the only way of ensuring that companies acquire the requisite skills and that the objectives of the EDIDP programme are achieved.

4.4. The Committee considers that the EDIDP programme's **budgetary allocation** is particularly limited and that it should also be able to draw on the EFSI 'in order to make the best possible impact on employment, including dual technologies related to the security and defence industries supporting the launching of a single strong and more clearly defined European Defence Technological and Industrial Base (EDTIB)' <sup>(18)</sup>.

4.5. The EESC also considers the proposed eligibility criteria to be insufficient as regards ensuring that the **projects' technological and industrial base has an effectively European dimension**: the requirement should be that at least three separate companies from **at least three** Member States are involved, as well as user groups, made up of small businesses.

4.5.1. There should also be a good balance between European countries, as well as a significant involvement of small businesses.

4.6. The EESC hopes that the EU funding scheme will ensure that the development activities primarily benefit European companies.

4.7. The EESC would like to see the rules on exporting arms being harmonised in the EU, in line with the rules of the Arms Trade Treaty that was signed and ratified by all EU Member States, in order to eliminate a possible cause of distortion between European companies that might complicate access to the export market.

4.8. As regards the types of project, the EESC considers it essential to combat the job insecurity of workers in Europe's defence industry. The purpose of the EU funding is to strengthen the expertise of the defence technological and industrial base. Since the industry's expertise is dependent on its workers, they need to have long-term, secure terms of employment with the companies that employ them.

4.9. The same applies, in the EESC's view, to the **project award criteria**, to which the following key elements should be added:

- the impact envisaged in terms of expanding and improving workers' skills;
- the additional key involvement of SMEs; and
- compliance with social and environmental standards <sup>(19)</sup>.

4.9.1. In the EESC's view, there should be a quota (e.g. 10 %) of calls dedicated to small projects, which are open non-stop and aimed at smaller businesses, and which would enable a more even participation in the programme of all players operating in the technological-innovative development of defence products and services.

4.10. The EESC considers it essential that, alongside the Commission's implementing powers, the EDIDP is underpinned by a system of governance that enables it to set specific, shared objectives, by means of:

- an advisory committee of industry experts from the Member States tasked with proposing priority areas,
- a programme management committee, with Member State representatives, ensuring a geopolitical balance across the EU as a whole.

## 5. Steps to be taken

5.1. highlight the key role of European defence in safeguarding the EU's interests as regards security and its international commitments and in upholding democracy and the rule of law;

5.2. highlight the skills and professionalism of the military sector, traditionally seen as a driving force for research and innovation and for the economic and business recovery of European industry;

<sup>(18)</sup> EFSI: European Fund for Strategic Investments — see opinion OJ C 75, 10.3.2017, p. 57.

<sup>(19)</sup> See footnote 4.

- 5.3. strengthen the sense of European identity and of belonging to the EU, by means of a set of values shared by citizens of different countries;
- 5.4. increase Europeans' knowledge and awareness of and support for the EU's military structures and defence activities;
- 5.5. increase Europeans' knowledge and awareness of and support for the technological development of defence equipment likely to have a direct impact on civil society and the development of their countries;
- 5.6. develop the communication aspect of the new common approach in order to have increasingly highly trained and skilled staff in the field of European communication. The activities should be underpinned by the guiding principle of 'classify and coordinate', developed under the European coordination approach, in line with NATO.
- 5.7. Cybersecurity and cyberdefence, fields in which defence is a key player in Europe, linked to the emergence of cyberspace as a new territory alongside the traditional military domain.

Brussels, 7 December 2017.

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

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**Opinion of the European Economic and Social Committee on  
'Launching the European Defence Fund'**

(COM(2017) 295 final)

(2018/C 129/09)

Rapporteur: **Mihai IVAȘCU**

Co-rapporteur: **Fabien COUDERC**

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### 1. Conclusions and recommendations

1.1. The EESC considers that the European Union must take greater responsibility for its defence and must be ready and able to deter any external threat to its citizens and way of life.

1.2. The European Defence Action Plan and the Global Strategy highlight the importance for the EU defence industry to achieve strategic autonomy in order for the EU to become an important and credible player in the defence sector. The European Defence Fund (EDF) has the clear purpose of incentivising cooperation between Member States in research and technology (R&T), development and the strategic procurement of military capabilities. Special attention should be given to bridging R&T and capability development.

1.3. The EESC believes that the defence industry plays an important role in the European economy, with 1,4 million jobs being dependent on it. The lack of coordination costs us between EUR 25 and EUR 100 billion a year, which are unacceptable numbers in a global competitive environment.

1.4. The EESC strongly recommends that the Member States and the European Commission use the EDF to keep key industrial capabilities on European soil and to ensure that European money is spent on European R & D and on buying European weapons systems.

1.5. The EESC supports the competitiveness-driven approach of the EDF, which will both ensure access for all Member States and finance projects that will produce added value and cutting-edge technologies.

1.6. The EESC considers that, besides providing financing for the industry, the European Commission should build up the framework for stronger communication between industry players of all sizes across Member States.

1.7. The EESC appreciates the special attention that the current proposal gives to SMEs, no matter what country they come from. SMEs are often the source of innovation in cutting-edge areas such as information technology and communications (IT&C) and cybersecurity. The EESC would also welcome SME involvement mechanisms, such as a bonus system, that would enhance SMEs' cross-border cooperation.

1.8. The EESC is of the firm belief that it is necessary to build up strong key capabilities that support European interests. These must be defined by the Member States, in accordance with their national defence policies, European objectives and NATO partnership obligations.

1.9. The EESC believes that the primary focus must be on technologies that could be decisive in allowing the EU to gain the leading technological edge. This can be achieved through common defence planning and setting up a key capabilities plan.

1.10. The EESC recommends that the awarding process for calls for proposals take into account mandatory high social and environmental standards.

1.11. The EESC believes that the funding schemes cannot be the same as in other sectors of activity, given the particularities of the defence sector and the suspicions and fear of knowledge sharing between companies or Member States.

1.12. The EESC considers that the governance of the EDF must be established as soon as possible and should include the European Union, the European Defence Agency and the Member States, as well as industry. The Commission should explore new options for limiting the level of bureaucracy involved in the implementation of the EDF. The EESC also recommends that the European Parliament should have access to reporting on a regular basis so that it can evaluate how the fund is working.

1.13. The EESC recommends exploring the possibility of increasing the minimum number of countries participating in an eligible project to three, as the EDF programme evolves.

1.14. The EESC considers that maximising the number of Member States involved in the EDF will reduce redundancy and foster standardisation of logistics and sub-systems. This will also avoid the duplication of current NATO standards and reduce fragmentation of weapons systems. For any awarded projects, therefore, the EDA and the chosen industrial consortium should work together closely in the early stages of development to define common norms and standards.

1.15. The EESC has doubts concerning the 'reasonable expectation that the development will result in procurement', given that military research is full of examples of projects developed and later not procured by states. The EESC calls for clear rules regarding the commitment to purchase the successfully developed capabilities.

1.16. The EESC recommends that it should be possible to make use of training programmes co-financed by the European Union in the early stages of the development of projects funded under the capability window. A skilled workforce is key for the development of cutting-edge technologies in the field of defence.

1.17. Furthermore, the EESC, as the representative body for organised civil society, is ready to provide expertise and consultation in all matters concerning the economic and social aspects of the EDF.

## **2. Background to the opinion, including the legislative proposal concerned**

2.1. Europe faces an extraordinary set of circumstances when it comes to the geopolitical environment. The increasing instability in the international arena has created a volatile security environment that generates numerous threats, both conventional and non-conventional. Europe's citizens demand the use of all the means at our disposal to counter these challenges.

2.2. In order to reaffirm its role in the international arena, Europe must be capable of countering outside threats effectively and independently. In the current geopolitical context, projecting power in the Middle East and in Africa is crucial for the safety and well-being of Europe's citizens.

2.3. In 2014, the EU27 spent circa EUR 2 billion in defence R&T, after a steady decrease of 27 % since 2006, and R&T expenditure under a collaborative framework decreased by more than 30 %. In the same time, the USA spent EUR 9 billion a year in defence R&T, Russia doubled its spending in defence R & D between 2012 and 2014 and recent data indicates that China also increased its investment in defence R & D <sup>(1)</sup>.

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<sup>(1)</sup> European Parliament Study, 'The Future of EU defence research', 2016. [http://www.europarl.europa.eu/RegData/etudes/STUD/2016/535003/EXPO\\_STU\(2016\)535003\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2016/535003/EXPO_STU(2016)535003_EN.pdf)

2.4. The role of the EDF, as part of the European Defence Action Plan <sup>(2)</sup>, is to help Member States coordinate and better use the money they are willing to spend on defence, avoiding duplications, from research and development to the acquisition of defence capabilities. The EESC has already expressed its support for the creation of the European Defence Union and has welcomed the establishment of the European Defence Fund <sup>(3)</sup>.

2.5. The European Defence Fund has two different but complementary windows: the research window and the capability window, both coordinated by a Coordination Board. The research window will be fully funded from the EU budget and will promote collaborative projects for the development of defence capabilities, following the agreement reached by the Member States. The capability window will be mainly funded by contributions from Member States.

2.6. The EESC recognises that, in the current security environment dominated by terrorist attacks on European soil, hybrid warfare and cyber-attacks, it is increasingly difficult to differentiate between internal and external security, which are becoming more and more interdependent.

### 3. Relationship between the EDF and the European Defence Industry: Particularities

3.1. Defence capabilities and the ability to defend our external borders are strongly linked with a strong industrial base. As such, the EESC recommends that actions taken at European level in support of collective defence must enable the industry to remain on European soil. Business strategies could push defence industries to choose subcontractors outside of the EU and thus to have part of their supply chain abroad. It is the belief of the EESC that the use of European money to support foreign contractors should be as limited as possible and that business choices should not be at the expense of strategic autonomy.

3.2. The top priority of the EDF should be to increase European industrial competitiveness while developing technologies that are critical for the existence and self-support of the EU defence sector.

3.3. The defence sector is being completely revolutionised by artificial intelligence, big data and cloud technologies, cyber-attacks, unmanned vehicles, hybrid and transnational threats, and so on. The new types of technologies and threats require new types of countermeasures. One thing is certain: we can better address these challenges and prevent them by working together. More systematic cooperation is needed, along with joint efforts for developing technologies and coordinated action on purchasing capabilities.

3.4. The EESC would like to point out the strong economic incentive for greater cooperation. More than 1,4 million highly skilled people are employed directly or indirectly in the defence industry and each euro invested generates a return of 1,6. The lack of coordination in this field costs Europe between EUR 25 and 100 billion a year <sup>(4)</sup>.

3.5. This lack of cooperation translates into a large number of redundant weapons systems, lack of economies of scale when it comes to the defence industry and decreased deployability of our armed forces. There are 178 different weapon systems in the EU, compared to 30 in the US. There are 17 different types of main battle tank in the EU and only one in the US. This indicates clear inefficiencies in the spending of defence budgets and a lack of interoperability of defence equipment.

3.6. The EESC recalls that efficient defence R&T is based on a skilled workforce. Ambitious and solid training and vocational education in the defence industries is key for successful projects which aim to reach technological edges.

3.7. The EESC would like to point out that there are precedents for joint military cooperation on research and acquisition that have proven successful. The Eurofighter Typhoon, the Meteor missile, the Horizon class destroyer and the FREMM frigate are just a few examples of this kind of project.

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<sup>(2)</sup> COM(2016) 950 final  
[https://eeas.europa.eu/sites/eeas/files/com\\_2016\\_950\\_f1\\_communication\\_from\\_commission\\_to\\_inst\\_en\\_v5\\_p1\\_869631.pdf](https://eeas.europa.eu/sites/eeas/files/com_2016_950_f1_communication_from_commission_to_inst_en_v5_p1_869631.pdf)

<sup>(3)</sup> OJ C 288, 31.8.2017, p. 62.

<sup>(4)</sup> *Defending Europe. The case for greater EU cooperation on security and defence* [https://ec.europa.eu/commission/sites/beta-political/files/defending-europe-factsheet\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/defending-europe-factsheet_en.pdf)

3.8. The EESC is unclear on how the Member States that commit to a development project can provide evidence that there is a 'reasonable expectation that the development will result in procurement', given that military research is full of examples of projects developed and later not procured by states<sup>(5)</sup>. The possibility of co-financing the early phase of development of new capabilities from the EU budget aims at reducing industrial risks, but this can only be achieved if the customers commit to purchasing successfully developed capabilities.

3.9. Collectively, the 28 Member States represent the second largest military spender worldwide. However, while all major powers have increased their spending on defence, EU-27 defence spending decreased by nearly 11 % from 2005 to 2015<sup>(6)</sup>. Only four of the 28 Member States reach the NATO spending target of 2 % of GDP. Defence research and technology (R&T) expenditures have been significantly reduced in national budgets. Between 2006 and 2013, defence R&T spending in the 27 Member States participating in the EDA decreased by 27 %<sup>(7)</sup>.

3.10. The EESC believes that the problem of UK-based defence firms must be addressed at an early stage, in view of their interest in European development programmes and the UK's prominent role in defence. The EU is interested in retaining British know-how.

3.11. Although the EC is providing the funding for the Research Window, it will be Member States that decide on and invest in the procurement of capabilities. In this entire scheme, it is actually the industry that carries out the R & D as well as the development of the defence capabilities. The EESC considers that, besides providing financing for the industry, the EC should build up the framework for better communication between all the industry actors involved in the EU's defence sector.

#### 4. Beneficiaries: Big players and SMEs

4.1. The EESC is of the opinion that Member States will remain pivotal in deploying security and that none of the current initiatives at European level will change this.

4.2. The EESC considers that the EDF should be solely a competitiveness-driven programme in which the most relevant and competitive projects are financed regardless of geographic or social considerations. However, steps must be taken to ensure fair access for all Member States and to encourage smaller companies to band together on cross-border cooperation.

4.3. The EESC believes that SMEs play a crucial role in our economy. The encouragement of SMEs and other mid-cap companies involved in the defence industry is welcomed. Moreover, start-ups and small companies are often sources of innovation in cutting-edge areas such as IT&C and cybersecurity. The EESC strongly supports this and considers it extremely important that equal opportunities for all SMEs, no matter what country they come from, should be the main goal.

4.4. It is the EESC's understanding that the European Defence Fund has been designed to support the competitiveness of the European defence industry. While the European Commission should promote an inclusive approach in the operation of the fund, it should not be used as a regional development fund. This could result in resources being spread too thinly and would not be effective in combating the fragmentation of European defence systems.

4.5. As for inclusiveness, the fund should not be designed solely for big players. A significant share of the fund should be dedicated to SMEs, for example by identifying smaller projects. The EESC would also welcome mechanisms, such as a bonus system, that would enhance SMEs' cross-border cooperation.

4.6. The EESC understands the rationale behind 100 % EU-funded R&T in the field of defence activities, in contrast to traditional co-financing of civil activities by the EU. The very limited number of customers (mainly national ministries of defence) makes it difficult for industries to amortise risks associated with the development of a new product in a more

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<sup>(5)</sup> One example of this would be the Northrop Grumman X-47B developed for the US Navy. Despite initial success and test flights, the programme was deemed by the US Navy as too costly and insufficiently stealthy and eventually scrapped, with a total programme cost of USD 813 million.

<sup>(6)</sup> Stockholm International Peace Research Institute Military Spending Database 2005-2015 <https://www.sipri.org/databases/milex>

<sup>(7)</sup> COM(2016) 950 final

[https://eeas.europa.eu/sites/eeas/files/com\\_2016\\_950\\_f1\\_communication\\_from\\_commission\\_to\\_inst\\_en\\_v5\\_p1\\_869631.pdf](https://eeas.europa.eu/sites/eeas/files/com_2016_950_f1_communication_from_commission_to_inst_en_v5_p1_869631.pdf)

predictable market. Whether or not the future fund will be included under the same umbrella as other research funds in the next MFF, those specificities will need to be addressed.

4.7. It is our firm belief that the European Defence Fund will be a strong incentive for the Member States to 'buy European' when it comes to future defence procurement, thus ensuring economic development and safeguarding the know-how and industrial base necessary for sustaining a global military capability. The EESC encourages the idea that Member States should commit to acquiring the technologies and capabilities generated from successful EDF R&T projects.

## 5. Common defence planning and a key capabilities plan

5.1. The EESC recommends that the Member States, together with the EC and the EDA, set up common defence planning and a key capabilities plan in order to identify the R&T priorities and the necessary military capabilities, both for the Member States and for European defence.

5.2. With very little past experience in this kind of programme (in essence, only the Pilot Project and the start of the Preparatory Action), the European Union has not created its proposal on the basis of clear indicators and does not yet have a clear plan for key capabilities. This plan will be drafted in 2018.

5.3. The key capabilities plan should ensure that the EU is heading towards strategic autonomy and establish the technologies that need to be developed in order for the European Union to retain its leading position in key capabilities areas and break its dependence on external players. The EESC considers the development of technologies and capabilities that go beyond the individual needs of Member States to be crucial for the success of EDF.

5.4. The EESC is a strong supporter of a capability-driven approach to research. As such, we believe that all research undertaken under the EDF must focus on the key capabilities needed for Europe to act and decide freely.

5.5. Technological superiority is key in the current security environment. The EESC therefore believes that the EDF, and particularly the EDRP, must ensure that Europe remains at the leading edge of military research. Devoting resources to technology demonstrators that will support future joint programmes could help in this regard.

5.6. The EESC is of the opinion that, when establishing the key capabilities plan, the whole lifecycle of the technology domain must be planned and taken into consideration. Furthermore, R & D and capability development must be planned together and coordinated between the EU and Member States and with consideration for our NATO partnership obligations.

## 6. Investment areas and funding schemes

6.1. The European Commission is proposing ambitious funding for both windows of the European Defence Fund:

- EUR 90 million from 2017 to 2020 for the Preparatory Action,
- EUR 500 million per year for the European Defence Research programme,
- EUR 500 million in 2019 and 2020 for the European Defence Industrial Development programme,
- EUR 1 billion per year starting in 2021, under the next Multiannual Financial Framework.

6.2. The EESC considers that investment must be driven towards technologies that are critical for the EU's defence, where we are dependent or in the position of becoming dependent on external suppliers. The EESC also believes that the primary focus must be on technologies that could be decisive in allowing the EU to gain the leading technological edge in various areas.

6.3. The EESC supports separate financing for the two windows — EU financing for the research window and Member States' budgets for the capabilities window. The EESC has already given its view that 'as long as the Union does not have its own variable income, the procurement of the military capabilities of the armed forces remains the responsibility of the Member States. [...] The EESC underlines that in accordance with Article 41 TEU, the EU budget cannot be used to finance

military operations. Departing from this principle would also conflict with the specific character of the security and defence policy of particular Member States (Article 42(1) TEU)<sup>(8)</sup>.

6.4. The EESC recommends that the EDF should be used as a financial tool to support the development of capabilities in areas where the European defence industry is currently dependent on outside sources. Developing these capabilities in Europe will allow for more strategic options and at the same time bring to the sector valuable knowledge, technology and jobs.

6.5. The EESC believes that the level of funding proposed for the Research Window of the European Defence Fund will allow for ample incentives for innovative research. This will make the EU the fourth-largest defence-research funder in Europe; however, this fund should not be detrimental to other crucial European development projects.

6.6. The EESC considers that the design of the funding schemes for the EDF is extremely important, in order to ensure the full commitment of the industry and to encourage the establishment of productive consortia involving as many Member States as possible. The funding schemes cannot be the same as in other sectors of activity, given the particularities of the defence sector and the suspicions and fear of knowledge sharing between companies or Member States.

## 7. Governance

7.1. It is not clear from the European Commission's proposal what form of governance the EDF will have. The EESC believes that it must be clearly established as soon as possible and should include the European Union, the European Defence Agency and the Member States, as well as the industry.

7.2. The EESC considers that discussions between Member States should be intensified in order to reach an agreement regarding the governance model of the EDF, with regard to both windows and also the next Multiannual Financial Framework. Although it is presented as another research and development programme, the EESC highlights that the defence sector is unique and has several particularities that should be governed by different but clear rules. These rules must be agreed upon as soon as possible.

7.3. The EESC also draws attention to the fact that the two windows should be closely coordinated with other national and international programmes where the Member States are involved.

7.4. While the criterion of three companies from two Member States seems adequate for the time being, the EESC believes that, once the programme moves into a more mature phase, three countries should be the minimum requirement, so as to foster greater synergies between Member States.

7.5. Projects funded by the European Defence Fund, whether under the research or the capability window, involve public funds. The EC should insure that the tendering process selects only the more competitive projects, while taking into consideration high social and environmental standards, based on objective criteria.

7.6. The EESC is concerned that excessive bureaucracy will hinder the practical application of the EDF and recommends that further options must be explored in this area, as the EDF is evolving.

7.7. The EESC, as the representative European body for organised civil society, highlights its availability for consultations regarding the implementation of the EDF and all matters concerning the economic, social and research aspects of the new European defence policy.

## 8. Standardisation

8.1. The EESC believes that joint programmes focusing on mutually recognised needs will not only reduce the number of redundant systems, but also foster greater standardisation of sub-systems and logistics.

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<sup>(8)</sup> OJ C 288, 31.8.2017, p. 62.

8.2. With regard to benchmarks, it is important to look at the global picture, meaning not only Member States' national research programmes but also developments by our NATO partners in all areas.

8.3. The EESC strongly advises that the Commission, together with the European Defence Agency and the Member States, define the priority areas for joint development. This can only be achieved by agreeing on a common definition of needs and increased standardisation.

8.4. The aim of the fund is to increase the efficiency and rationality of national defence spending, not to substitute it. This will be only achieved if the EDF proves its added value by delivering projects that could not be achieved more effectively and at a lower cost by Member States alone. The fund should work as an incentive for better cooperation. Only then it will manage to avoid multiplication of different weapon systems.

8.5. The EESC expresses its support for the development of common standards<sup>(9)</sup>, while avoiding duplicating existing ones, in particular NATO standards. With 178 different weapon systems identified in Europe, one research priority would be to establish common European standards and interfaces in order to link the existing ones as much as possible and prepare the future systems. By respecting such standards, Member States could afford to develop Euro-compatible systems.

8.6. The issue of standards is especially important for sub-systems. Newly developed products will certainly set a standard at European level, but existing sub-systems that might be incorporated into those products should also be to some extent based on common standards. The EESC considers that this would enhance interoperability, thus reducing fragmentation of weapon systems.

Brussels, 7 December 2017.

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

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<sup>(9)</sup> OJ C 288, 31.8.2017, p. 62.

**Opinion of the European Economic and Social Committee on  
'Communication from the Commission of 28 April 2017 — Commission Notice on Access to Justice  
in Environmental Matters'**

(C(2017) 2616 final)

(2018/C 129/10)

Rapporteur: **Cillian LOHAN**

Co-rapporteur: **Brian CURTIS**

Consultation	European Commission, 31.5.2017
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Plenary Assembly decision	25.4.2017
Section responsible	Agriculture, Rural Development and the Environment
Adopted in section	21.11.2017
Adopted at plenary	7.12.2017
Plenary session No	530
Outcome of vote (for/against/abstentions)	171/5/2

## 1. Conclusions and recommendations

1.1. The EESC welcomes this Interpretative Communication in providing a valuable overview of EU Court of Justice case-law regarding Access to Justice at a national level in environmental cases up to the date of its publication. It will bring further benefits of increased certainty and clarity to decision makers within national courts and administrative structures, and to businesses and citizens **if** its dissemination is effectively rolled out.

1.2. The EESC recognises that consistency in Access to Justice across the EU is an essential factor underpinning the single market and the consistent implementation of EU law rights in the Union, and provides necessary clarity and certainty for markets and investors.

1.3. The EESC calls for overarching and binding EU legislation necessary to achieve consistency and completeness in implementing Access to Justice throughout the Union, to complement this welcome step on Access to Justice by this Communication. The Commission's own Staff Working Document <sup>(1)</sup> assessed binding EU legislation as the ideal approach. The EESC also acknowledges the analysis and recommendations of the Darpö report <sup>(2)</sup> in this regard, which was commissioned by the Commission. Member States need to be supportive of such objectives and not frustrate their pursuit.

1.4. For the Communication to have real effect, it needs to be complemented by training and education at Member State level across the intended audiences, and in particular for the judiciary, administrative review bodies, and citizens.

1.5. The Commission needs to prioritise sufficient resources and funding to effectively support such plans, as do the Member States.

1.6. The Communication does not seek to override national jurisdictions and sets out the rulings and clarifications of the Court of Justice which are a binding basic requirement. That point, and a requirement that there should be no derogations or back-sliding, should be stated in future versions of the Communication.

<sup>(1)</sup> <https://ec.europa.eu/transparency/regdoc/rep/10102/2017/EN/SWD-2017-255-F1-EN-MAIN-PART-1.PDF>

<sup>(2)</sup> <http://ec.europa.eu/environment/aarhus/pdf/synthesis%20report%20on%20access%20to%20justice.pdf>

1.7. This Interpretative Notice needs to be kept up to date. To ensure accuracy and currency is maintained, timely updates to the content, and refreshers to the intended audience, are essential to reflect developments in the jurisprudence of the CJEU. A dynamic and updated tool for civil society, public administrations and judiciary bodies should be explored.

1.8. Feedback from expert communities and gaps and omissions in the Communication for Member States should be prioritised and addressed also, including consideration on how to address areas where there are gaps in the current jurisprudence of the Court.

1.9. An independent, objective, comprehensive and up-to-date baseline needs to be developed, **and maintained**, reflecting the positive developments and issues with Access to Justice at Member State level, and all elements of Article 9 of the Aarhus Convention.

1.10. Given the importance of references for preliminary rulings in ensuring the consistency of EU law in this area <sup>(3)</sup>, the Commission should fully explore and report on the usage and compliance with that provision in all Member States, and investigate and pursue all barriers to its use.

1.11. In a global context of harassment and persecution of environmental defenders, the EU should lead in facilitating Access to Justice.

1.12. The EESC highlights the limitations of the Interpretative Communication in failing to include the findings of the independent Compliance Committee of the Aarhus Convention (ACCC). This important and useful body of work can complement the Commission's Communication, and support decision makers and citizens with Access to Justice and should be referenced.

1.13. The EESC supports the Aarhus Convention and its full implementation by and within the EU. It is therefore essential that the findings on compliance of the ACCC, appointed by the Parties, are fully endorsed by the Parties.

1.14. The EESC recognises the sensitivities associated with the recent findings by the ACCC regarding the non-compliance on Access to Justice within EU institutions. The EESC presses for urgent and constructive engagement on this matter by the EU in the period before the next Meeting of the Parties. In particular, it will be important to prioritise with environmental NGOs and civil society, a broad and ambitious approach to the ways and areas in which the EU can improve the implementation of the Convention and Access to Justice within and by the EU institutions. A parallel and complementary approach to Access to Justice within and by the EU institutions, associated guidance and rollout activities should also be addressed.

## 2. General comments

2.1. The document published by the Commission is an interpretative notice. It provides an overview of the case-law of the EU's Court of Justice (CJEU) regarding Access to Justice at national level for cases dealing with the environment. It takes the form of a detailed legal analysis clarifying certain of the legal and procedural requirements and standards concerning environmental cases. Topics such as remedies, costs, time lines, time limits, scope, standings and efficiency are covered.

2.2. The Communication's objective is to provide 'clarity and a reference source' for the audience of national administrations, national courts and individuals and NGOs who exercise a public interest advocacy role, and 'economic operators who share an interest in the predictable application of the law' (para. A9). Paragraph 8 sets out the background for this objective in terms of the problems experienced by that audience, including but not limited to: businesses, SMEs, individuals, NGOs and the public consequent on problems with the implementation of Access to Justice in Member States.

2.3. It also sets out the importance of the environment as 'our life support system' and how its preservation, protection and improvement is 'a shared European value'.

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<sup>(3)</sup> Article 267 of the Treaty of the Functioning of the EU.

2.4. It sets out the EU's broad context for Access to Justice with reference to the Treaties and the principle of effective judicial protection and also Article 47 of the Charter of Fundamental Rights of the European Union, and the Human Rights Convention on *Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters* (the Aarhus Convention). The EU and the 28 Member States are among 47 Parties to the Convention, in addition to countries from Europe and Central Asia.

2.5. In 2003, the EU adopted two legislative proposals, one on 'Access to Environmental Information' <sup>(4)</sup>, and one on 'Public Participation' <sup>(5)</sup>. These provided for Access to Justice in a limited scope in certain specified existing Directives. An additional regulation was adopted in 2006 on the implementation of the Aarhus Convention in the EU ('Aarhus regulation' <sup>(6)</sup>). The Commission adopted a legislative proposal on Access to Justice in 2003 <sup>(7)</sup>. Diverging views among Member States and lack of political will to get it passed prompted its withdrawal in 2014 <sup>(8)</sup>. The lack of a Directive continues to be problematic and needs to be addressed. The EESC calls for overarching and binding EU legislation on Access to Justice.

2.6. The EU and the Member States are signatories to the Aarhus Convention, and have ratified it. At its first session in 2002, the Meeting of the Parties (MoP) to the Convention established a compliance mechanism for the Convention, including the ACCC. The ACCC investigates communications about non-compliance of a Party, and makes findings and recommendations on them. That is presented to the MoP. Without exception until the 6<sup>th</sup> MoP in 2017, these have always been fully endorsed by the Parties.

2.7. The Communication **acknowledges** major hurdles remain within certain Member States. Some countries block access almost entirely, others limit scope, in others significant costs are an issue, and some make no provision for effective remedies. A well maintained and independent baseline report needs to be developed to provide clarity on the specific issues within Member States, and also to highlight existing best practice.

2.8. The Commission sets out the rulings and clarifications of the Court of Justice and these are binding basic requirements. That point, together with a requirement that there should be no derogations or back-sliding, should be clearly stated in future versions of the Communication.

2.9. The publication of the Commission's Communication comes amidst an intense controversy as to whether the EU fully complies with its own obligations under Article 9 of the Convention. This follows on a communication to the ACCC alleging non-compliance, and the ACCC made a finding <sup>(9)</sup> of non-compliance in relation to the EU's own implementation of Access to Justice, with associated recommendations.

2.10. In July 2017, the EU Council unanimously decided to accept these findings, subject to amendments (a position promoted by the Commission), and also reiterated its support to the Aarhus Convention <sup>(10)</sup>. The proposed amendments for the MoP decision on the findings of the ACCC propose, inter alia, that the MoP would 'take note' of the findings rather than 'endorsing' them. The EESC highlights a contradiction in the EU seeking to not endorse the findings of the ACCC while reiterating support for the Convention. This approach if adopted by other Parties to the Convention has the potential to seriously undermine the independent compliance mechanism, and the strength and effectiveness of the Convention as a consequence.

2.11. In the September 2017 MoP to the Convention in Montenegro, a decision was taken to defer the decision by the MoP on the findings of the ACCC that the EU was non-compliant. This followed on from robust statements from alternative viewpoints and discussions at the MoP. The MoP has always operated by consensus, and as there was no consensus on the matter, and further to a coordination meeting of the EU Member States, it was agreed to defer the decision to the next MoP in 2021.

<sup>(4)</sup> Directive 2003/4/EC.

<sup>(5)</sup> Directive 2003/35/EC.

<sup>(6)</sup> Regulation (EC) No 1367/2006.

<sup>(7)</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52003PC0624>

<sup>(8)</sup> See withdrawal of obsolete Commission proposals, OJ C 153, 21.5.2014, p. 3.

<sup>(9)</sup> [https://www.unece.org/fileadmin/DAM/env/pp/compliance/C2008-32/Findings/C32\\_EU\\_Findings\\_as\\_adopted\\_advance\\_unedited\\_version.pdf](https://www.unece.org/fileadmin/DAM/env/pp/compliance/C2008-32/Findings/C32_EU_Findings_as_adopted_advance_unedited_version.pdf)

<sup>(10)</sup> <http://data.consilium.europa.eu/doc/document/ST-11150-2017-INIT/en/pdf>

2.12. The EESC recognises the sensitivities associated with the recent findings of the ACCC on the non-compliance of the EU. The EESC presses for urgent, timely, and constructive engagement by the EU before the next MoP. In particular, it will be important for the EU to engage and to prioritise with environmental NGOs and civil society at large, a broad and ambitious approach to the ways and areas in which the EU can improve the implementation of the Convention and Access to Justice within and by the EU institutions. A parallel and complementary approach to implementing Access to Justice within and by the EU institutions, with associated guidance and rollout activities should also be addressed.

2.13. The Commission's interpretative notice comes out of a long and failed process to adopt specific measures at EU level on Access to Justice. This included:

- the withdrawal of the proposal for an Access to Justice Directive,
- the failure to amend all relevant directives individually to include Access to Justice provisions, for example, key environmental directives like the Birds and Habitats Directives have not been amended to reflect clear and comprehensive Access to Justice Provisions,
- the failed attempts to amend specific directives to provide for Access to Justice Provisions <sup>(11)</sup>.

2.14. Measures harmonising the way national courts deal with environmental cases are necessary: the EU legal standards do not appear to be specific enough. Consequently this has resulted in a large number of references to the CJEU for preliminary ruling. The Commission's Communication is meant to clarify rules and standards arising from that CJEU case-law, and by that strengthen legal certainty for stakeholders.

2.15. The Commission has also added its own views to the legal analysis.

2.16. The Communication and the underlying clarification exercise tie in with the Environmental Implementation Review and aim at strengthening it. The EESC stated in a recent opinion <sup>(12)</sup> its support to the EIR process and called for decisive action to implement the environmental *acquis* to its full extent and potential.

2.17. The lack of an Access to Justice Directive leaves a gap at the top of the hierarchy in the legislation that would help in clarifying many of the issues that have created confusion and inconsistencies across Member States, with associated problems for business and for citizens.

2.18. Some Member States have ratified the Aarhus Convention without specifying how Access to Justice would apply in specific cases, or have been unclear or incomplete in their implementation.

### 3. EESC's position

3.1. The EESC supports the Aarhus Convention and its full implementation by and within the EU. It is essential for the validity and integrity of the Aarhus Convention that the findings of the ACCC are fully endorsed by the Parties.

3.2. The EESC notes that the Aarhus Convention belongs to the international law corpus dealing with Human Rights and is entirely compatible with the fundamental principles of the EU, in both the Treaties and the European Charter of Human Rights. The EESC emphasises the need for the EU to stand up for Human Rights and to be a global leader in this area.

3.3. The EESC urges Member States to speed up the effective implementation of the Aarhus Convention, and in particular to make sure that: Access to Justice in administrative reviews and in the national courts is provided for consistently with the requirements of the Convention, and the essential characteristics for those reviews required by the Conventions Article 9(4). The EESC also recognises the critical interdependence of the three pillars of the Convention, and that they need to be implemented as a complementary whole to have real effect.

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<sup>(11)</sup> The National Emissions Ceiling Directive.

<sup>(12)</sup> *Environmental Implementation Review*, OJ C 345, 13.10.2017, p. 114-119.

3.4. The document published by the Commission is welcomed and considered to be a very useful and important communication. The EESC recognises that consistency in Access to Justice across the EU is an essential factor in providing for homogenous market conditions, which is fundamental to the success of the single market, and that it is also necessary for a successful implementation of fundamental EU law rights consistently across the Union. This Communication contributes to that.

3.5. The EESC welcomes the Commission's statement that: 'In case of non-compliance with existing legal requirements under the EU *acquis*, the Commission will also continue to use infringement procedures to ensure their fulfilment' (para. A13). The Commission has a necessary and defined role in that regard under the EU Treaties. The effective execution of that role is essential to ensure commitments by the Member States are fulfilled consistently, and that compliant Member States are not unfairly disadvantaged, and homogeneity in market conditions and rights are provided for.

3.6. The EESC takes the position that effectively implemented environmental law provides clarity and certainty for markets and for investors, facilitating sustainable development in the process. The purpose of this guide from the Commission in providing improved certainty and clarity around environmental law is welcomed, despite the limitations of its scope.

3.7. The EESC welcomes that the European Commission has commissioned analyses about access to justice in environmental matters, for example the Darpö<sup>(13)</sup> report. This report, and other independent analyses, provide important evaluations on implementation which Member States should be cognisant of.

3.8. The EESC recognises that the definition of 'Public Authority' in Article 2 of the Convention includes: 'The institutions of any regional economic integration organisation referred to in Article 17 which is a Party to this Convention'. Through that definition and through Article 17 itself, the EESC recognises the application of the Convention to Parties such as the EU. The EU has itself signed and ratified the Convention<sup>(14)</sup>. The EESC considers that the EU's ratification instrument for the Convention does not absolve the EU institutions from their obligations in respect of Access to Justice.

#### 4. Next steps

4.1. Further communications or guides are required that include the findings and recommendations of the ACCC, to facilitate further clarity and the implementation and application of the Convention. An Access to Justice Directive can greatly assist in providing clarity and consistency.

4.2. Having a *greater consistency of approach* to implementation would provide greater homogeneity of conditions across Member States for business and facilitate development. Uncertainty is currently leading to delays, extra costs and hindering sustainable development.

4.3. There is an urgent need for *EU wide consultation to develop and maintain an independent baseline evaluation* of Access to Justice at a Member State level. This needs to look at both levels of awareness among civil society, and what is happening in the courts and in administrative reviews. Critically, it must establish what cases are being taken, are not being taken or are hindered in being taken because of Access to Justice issues. The EESC can play a role in using its network of organised civil society to reach a wide audience and is also willing to have a follow up role in communicating the findings of such an evaluation. The evaluation itself must be independent and objective.

4.4. This baseline needs to go beyond the limitations of the Environmental Implementation Review, which is limited by its scope and lack of public participation; and the limitations of the EU Justice Scoreboard. The scope of the baseline should address all aspects of Article 9 of the Aarhus Convention, in particular all the characteristics of reviews specified of Article 9 (4) in the Convention; and support obligation in Article 9(5). Full updates of this baseline should be completed at least every two years.

4.5. The Commission recognises, and the EESC endorses, the vital role of citizens and NGOs in highlighting accountability under the Aarhus Convention. Training and education at Member State level is critical both at citizen level and also at the judiciary level. The Commission:

<sup>(13)</sup> <http://ec.europa.eu/environment/aarhus/pdf/synthesis%20report%20on%20access%20to%20justice.pdf>

<sup>(14)</sup> [https://treaties.un.org/Pages/ViewDetails.aspx?src=IND&mtdsg\\_no=XXVII-13&chapter=27&clang=\\_en#EndDec](https://treaties.un.org/Pages/ViewDetails.aspx?src=IND&mtdsg_no=XXVII-13&chapter=27&clang=_en#EndDec)

- needs to develop specific plans to maintain and disseminate the Communication effectively, reflecting in a timely way the relevant developments in the jurisprudence of the Court of Justice, and to work in conjunction with civil society in this,
- will need to prioritise the resourcing and funding of such plans,
- could explore a dynamic and updated tool for civil society, public administrations and judicial bodies to ensure currency and accuracy to reflect relevant developments in the jurisprudence of the Court of Justice,
- should issue progress reports on such plans every 6 months,
- should identify gaps and omissions in the Communication for Member States and prioritise and address these, including giving consideration to areas where there are gaps in the current jurisprudence of the Court, and feedback from expert communities.

4.6. The prohibitive nature of costs in certain jurisdictions can be a significant barrier to justice. The threat of meeting what can be prohibitive costs can be a barrier to Access to Justice. In a global context of harassment and persecution of environmental defenders, the EU should lead in facilitating Access to Justice, and should be particularly proactive in addressing cases where there is harassment, including where costs issues are a barrier.

4.7. There is need for a mechanism whereby the findings of the ACCC can be used to complement the Communication to the Member States and further assist clarity on obligations.

4.8. This Interpretative Notice will have to be regularly maintained and kept up to date, with rolling updates and refreshers to the intended audience. Sufficient resources and funding need to be made available to support effective plans both at Member State level and by the Commission.

4.9. Given the importance of preliminary references <sup>(15)</sup> in ensuring the consistency of application of EU law in this area, the Commission should fully explore and report on the usage and compliance with this provision across all Member States, and investigate and pursue any and all barriers to its use.

Brussels, 7 December 2017.

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

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<sup>(15)</sup> Pursuant to Article 267 of the Treaty of the Functioning of the EU.

**Opinion of the European Economic and Social Committee on proposal for a ‘Directive of the European Parliament and of the Council amending Directive 2006/1/EC on the use of vehicles hired without drivers for the carriage of goods by road’**

(COM(2017) 282 *final* — 2017/0113 (COD))

(2018/C 129/11)

Rapporteur: **Brian CURTIS**

Consultation	European Parliament, 15.6.2017 Council of the European Union, 12.6.2017
Legal basis	Article 91(1) of the Treaty on the Functioning of the European Union
Section responsible	Transport, Energy, Infrastructure and the Information Society
Adopted in section	22.11.2017
Adopted at plenary	6.12.2017
Plenary session No	530
Outcome of vote (for/against/abstentions)	121/0/1

## 1. Conclusions and recommendations

### Conclusions

1.1. The EESC welcomes this further step in removing some of the remaining obstacles to an effective and equitable single market in the European road haulage sector. In this instance the amending directive is concerned with facilitating the best use of vehicle fleets across Europe, particularly during seasonal peaks, and achieves a minimum level of liberalisation. Eliminating restrictions on the use of goods vehicles for own account use is a positive step.

1.2. The Committee remains of the opinion that drawing up legislation on transport issues would be better framed as a Regulation rather than a Directive — the latter allowing greater differences in interpretation and strictness in application across Member States. However, it is recognised that this short Directive achieves its objectives and that, in this instance, conversion to a Regulation would have been disproportionate.

### Recommendations

1.3. To prevent the growth of letterbox companies (LBCs) the EESC urges that the measures proposed to strengthen Regulation (EC) No 1071/2009 and Regulation (EC) No 1072/2009 to eliminate rogue LBCs be agreed and effectively implemented by all Member States. Outcomes should be carefully monitored and form part of the report on the effectiveness of this amending Directive.

1.4. To discourage operators from taking advantage of lower vehicle registration taxation between Member States, further measures should be applied should analysis in the review period show them to be necessary, for example a cap on the proportion of the fleet owned by an operator that can be temporarily transferred to an affiliate operator in another Member State.

1.5. The Committee notes that even though increasingly effective tracing methods are being applied illegal cabotage remains a significant problem in the haulage sector. There is some risk that detection may be made more difficult with the implementation of measures in this Directive. Therefore further requirements to safeguard a traceable link between company and vehicle could be put in place.

## 2. Introduction

2.1. This amending Directive is presented as part of the *Europe on the Move* package, the wide-ranging set of initiatives which aim to make traffic safer; encourage smart road charging; reduce CO<sub>2</sub> emissions, air pollution and congestion; cut red-tape for businesses; fight illicit employment and ensure proper conditions and rest times for workers.

2.2. It deals with some of the unfinished business in the liberalisation of the use of hired goods vehicles in the single market. Divergent rules and regulations continue to exist between Member States and this was first tackled in 1984 <sup>(1)</sup> and subsequent homogenisation took place in the 2006 Directive <sup>(2)</sup>. However, even after the transposition of this amending Directive, a range of restrictions will remain in place in many Member States.

2.3. The main concern addressed by this present amendment is the desire by operators to move the vehicle fleet around the EU in response to local demand. The ability to do this is at present faced with restrictions in national law and the application of regulation and operational requirements (soft law).

2.4. On the one hand operators argue that the present situation restricts the efficient use of European transport fleets. On the other hand transport unions are concerned that the proposal will weaken further an essential link between an operator and its assets and reduce the control and enforcement abilities of Member States over the genuine nature of the operators registered on their territory. Member States themselves do not have a unified approach to this issue, with a small minority arguing that the *status quo* should continue.

2.5. In addition, the governments of some Member States are concerned about a loss of revenue if vehicles are registered in one country but operationally based in another. For example, taxation levels on heavy goods vehicles range from around EUR 500 per vehicle in Latvia to almost EUR 5 000 in Ireland <sup>(3)</sup>.

2.6. In previous transport opinions <sup>(4)</sup> the Committee has argued that, in order to reduce the differences in interpretation and strictness in application across Member States, the EESC should support a shift from a directive to a regulation. The Committee believes this remains a valid principle, but recognises that in this case a complete recast of the Directive would be disproportionate. The Committee also notes that, whilst the legal form of a Directive allows Member States greater flexibility in transposition and enforcement, it is more likely to give rise to continuing anomalies and differences of interpretation between Member States.

## 3. Gist of the Commission Communication

3.1. Following extensive review, consultation and analysis by the Commission this proposal brings forward amendments to the 2006 Directive. This Directive allowed Member States to restrict the use of hired goods vehicles with a gross vehicle weight above 6 tonnes for own account operations and also allowed restrictions on the use of a vehicle hired in a Member State different from the one where the undertaking hiring the vehicle is established.

3.2. The proposed amendments, which will deepen and strengthen the internal market, remove the possibility of restricting the use of all hired vehicles for own account operations. In addition, the use of a vehicle hired in another Member State is to be allowed for at least four months to enable undertakings to meet temporary or seasonal demand peaks and/or to replace defective or damaged vehicles. Member States with more liberal regimes (such as Belgium, the Czech Republic, Estonia and Sweden) should be able to retain such regimes.

3.3. A period of four months has been chosen to avoid possible revenue distortions given the considerable differences between Member States in the taxation of road vehicles.

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<sup>(1)</sup> Directive 84/647/EEC.

<sup>(2)</sup> Directive 90/398/EEC; Directive 2006/1/EC.

<sup>(3)</sup> Ex-post evaluation of Directive 2006/1/EC Final report, January 2016.

<sup>(4)</sup> OJ C 34, 2.2.2017, p. 176.

3.4. The proposal should ensure equal access for transport operators across the EU to the market for hired vehicles and provide a uniform regulatory framework offering greater efficiency for transport operators. A further benefit could be an improvement in safety and lower pollution as hired vehicles are usually newer.

3.5. A report on the implementation of these changes will be produced by the Commission within five years and could provide the basis for the adoption of additional measures.

#### 4. General comments

4.1. The Committee welcomes the intentions of this amending Directive — a further step in removing some of the remaining obstacles to an effective and equitable single market in the European road haulage sector. In this instance the amending directive is concerned with facilitating the best use of vehicle fleets across Europe, particularly during seasonal peaks, and achieves a minimum level of liberalisation. Eliminating restrictions on the use of goods vehicles for own account use is a positive step.

4.2. The Committee remains of the opinion that drawing up legislation on transport issues would be better framed as a Regulation rather than a Directive — the latter allowing greater differences in interpretation and strictness in application across Member States. However, it is recognised that this short Directive achieves its objectives and that, in this instance, conversion to a Regulation would have been disproportionate.

4.3. However, the Committee wishes to express some reservations concerning possible consequential effects. These fall into two categories. The first of these concerns the growth of letterbox companies (LBCs); the second involves the possibility of an operator undertaking illegal cabotage without being detected. These issues are outlined below.

#### 5. Specific comments

5.1. Commercial vehicles of all types are expensive assets and increasingly are provided to transport operators by leasing companies. To maximise the efficiency of transport operations the availability of vehicles needs to match demand. Not only is this seasonal but is geographically variable following, for example, the demands of agricultural production and tourism. However, to maintain operating standards, safety requirements and working conditions for drivers it is important that operators have assets and direct support infrastructure in the country of operation.

5.2. LBCs are entities established in an EU country, where they have no (or minor) economic activities, in order to 'regime shop' for lower taxes, wages etc. Such companies have little if any local support infrastructure, create unfair competitive situations and can also exploit their workers.

5.3. The challenge such companies pose has been recognised elsewhere in the mobility package and measures have been brought forward<sup>(5)</sup> to deal with this problem. The EESC recognises that dealing with LBCs is not the direct responsibility of this amending directive but is concerned that it may facilitate their growth and operation. Therefore, we urge that the measures proposed to strengthen Regulation (EC) No 1071/2009 and Regulation (EC) No 1072/2009 to eliminate rogue LBCs are agreed and effectively implemented by all Member States. Outcomes should be carefully monitored and form part of the report on the effectiveness of this amending Directive.

5.4. The measures, however, would not deal with operators taking advantage of lower vehicle registration taxation in some Member States. With a four month period of operation allowed in another Member State, it is conceivable that operators could rotate vehicles between countries to evade this restriction.

5.5. Such a concern appears to have some theoretical justification, even though the arrangements necessary would be logistically complex. The review period will reveal whether this possible loophole is taken advantage of. In this event the Committee suggests that further measures should supplement the 4 month restriction, for example a cap on the proportion of the fleet owned by an operator that can be transferred to an affiliate operator in another Member State.

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<sup>(5)</sup> COM(2017) 281 final amending Regulation (EC) No 1071/2009 and Regulation (EC) No 1072/2009 with a view to adapting them to developments in the sector.

5.6. The Committee also has some concern about the possibility of illegal cabotage being facilitated. Cabotage is the haulage of goods for hire or reward in one Member State by a vehicle belonging to a non-resident haulier registered in a different Member State. (A goods vehicle operator with a standard international licence has Community Authorisation to only carry out up to three cabotage jobs in seven days within the host Member State. The jobs must follow a journey where goods were transported from one Member State to the host Member State.) In a perfectly competitive internal market restrictive rules would, of course, be unnecessary but this objective remains an aspiration. Lifting the restrictions on hired vehicles would make it much easier for a haulier to perform cabotage on a permanent basis (illegal cabotage) by simply hiring vehicles registered in the Member State where the haulier is interested in conducting this type of activity.

5.7. To prevent this, the Committee recommends that a number of requirements to consolidate and safeguard a traceable link between company and vehicle be considered. These should comprise:

- Mandatory declaration of the vehicle number plate of all vehicles in use by a haulier in the national electronic registers (NERs),
- Real time access of road inspectorates, during road side and company checks, to the NERs,
- Introduction of infringements relating to the hired vehicles directive in the so called 'list on categorisation of infringements leading to the loss of good repute'.

Brussels, 6 December 2017.

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

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**Opinion of the European Economic and Social Committee on the ‘Proposal for a Regulation of the European Parliament and of the Council on rail transport statistics’**

[COM(2017) 353 final — 2017/0146 (COD)]

(2018/C 129/12)

Rapporteur: **Raymond HENCKS**

Consultation	European Commission, 4.8.2017
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	22.11.2017
Adopted at plenary	6.12.2017
Plenary session No	530
Outcome of vote (for/against/abstentions)	158/0/1

### 1. Summary and conclusions

1.1. The Commission uses rail transport statistics to assess the effects of Community initiatives taken in the railway ambit and to facilitate, if required, the preparation of new initiatives.

1.2. These statistics have been compiled — in part at first and then in greater detail — since 1980<sup>(1)</sup>. In 2003, a new piece of legislation, Regulation EC No 91/2003 (known as the original instrument), introduced substantive amendments and additions. Since then, the Member States have been required to collect and submit annual, quarterly or five-yearly statistics on the carriage of goods and passengers, on the basis of specified indicators.

1.3. In the meantime, that original instrument has been amended and supplemented by Regulations (EC) No 1192/2003, (EC) No 219/2009 and (EU) 2016/2032, the result being that a large number of provisions are now dispersed — some in the original instrument, some in the subsequent amending legislation.

1.4. The Commission has sought merely to effect a ‘codification’, merging the substance of the various earlier regulations unchanged into a harmonious and coherent whole. The only exception is the deletion of paragraph 5 of Article 4 of Regulation (EC) No 91/2003, which gave the Commission the right to adapt non-essential elements of the regulation’s annexes at its discretion.

1.5. In keeping with the goal of regulatory fitness (REFIT), the EESC supports the Commission’s initiative. It wonders, however, whether the data in question could not be better handled and incorporated into other data on this matter collected by Eurostat.

Brussels, 6 December 2017.

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

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<sup>(1)</sup> Directive 80/1177/EEC.

**Opinion of the European Economic and Social Committee on 'A Renewed Partnership with the African, Caribbean and Pacific Countries'**

*(JOIN(2016) 52 final)*

(2018/C 129/13)

Rapporteur: **Brenda KING**

Consultation	European Commission, 27.1.2017
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	External Relations (REX)
Adopted in section	7.11.2017
Adopted at plenary	7.12.2017
Plenary session No	530
Outcome of vote (for/against/abstentions)	165/1/2

## 1. Conclusions and recommendations

1.1. The Cotonou Partnership Agreement (CPA) between the European Union (EU) and the African, Caribbean and Pacific (ACP) countries will expire in 2020. The CPA has been the basis of cooperation and dialogue regarding politics, the economy, trade, and development aid.

1.2. The EU and the ACP have separately launched discussions to identify the possible framework and basis of future relations. Priorities that are likely to be included are the reduction of poverty, trade relations, the management of migratory flows and the fight to counter global warming. The formal launch of discussions between the EU and the ACP States is to take place before August 2018 at the latest.

1.3. The European External Action Service (EEAS) and the European Commission launched a public consultation process, in 2015, to prepare the post-Cotonou framework and published a joint communication in November 2016, supporting an umbrella agreement defining common values and interests, with three distinct partnerships with each of the three regions.

1.4. The European Economic and Social Committee (EESC/Committee) welcomes the Joint Communication as well as the Commission's preferred option of an umbrella agreement with specific regional priorities that should be legally binding. The EESC believes that a new updated agreement is needed that takes account of the new realities such as the concern of European public opinion regarding the increased risk of terrorist attacks, perceived uncontrolled migratory flows, the risk of climate refugees due to the dramatic increase of the African population, the increasing influence of other regional powers, and the unpredictable actions of the current US president.

1.5. The EESC also calls for civil society to be better integrated in the next framework and provided with a stronger role that goes beyond consultation. This is important to ensure the Policy Coherence for Development (PCD) principle.

1.6. The EESC welcomes the plan to build on the UN's 2030 Agenda for Sustainable Development (SDGs), with specific features of the European Development Funds included. This compliments the new European Consensus for Development, which has the eradication of poverty as its main objective while also integrating the economic, social and environmental dimensions of sustainable development. However the Committee is disappointed that the 2030 Agenda is not placed at the core of the future Agreement reinforcing key principles such as universality, governance, and the inter-linkages and indivisibility of the SDGs.

1.7. The EESC believes that any future Partnership should be based on a political dialogue, rather than on a donor-recipient relationship. The Committee notes that the Communication is rightly aligned with the EU Global Strategy however it recommends that any future ACP-EU cooperation should also be aligned with any strategies and objectives of the ACP partners.

1.8. The EESC also recommends that the political dimension be strengthened and there should be a strong monitoring mechanism, which includes civil society. The EU *acquis* for civil society, including the private sector (CSOs), involvement in all stages of the future partnership should be kept and strengthened with CSOs included in an institutionalised framework within the political dialogue.

1.9. An EESC survey of economic and social actors in ACP countries revealed that 82 % supported the participation of non-state actors in parliamentary meetings, and 78 % supported participation in intergovernmental meetings, where they should also be able to present reports and make recommendations.

1.10. The EESC is disappointed that the Joint Communication does not reflect the importance of CSOs at either the umbrella level or in the three regions. The Committee recommends that the future Partnership should include a formal mechanism to include CSOs in the design, implementation, monitoring and review as well as during the upcoming negotiation stage. The EESC stands ready to play a central role in this process.

1.11. The EESC notes the absence of any mention of the European Development Fund (EDF) and assumes this will change following the outcome of the Multiannual Financial Framework (MFF) and the decision on the budgetisation of the EDF. The EESC recalls the recommendation from REX 455, which stated that all forms of development support that the EU gives to third countries should fall under the same legal framework and should be subject to the same democratic scrutiny by the European Parliament, while retaining the same positive aspects of the EDF. The EESC further believes that the African Peace Facility and new migration-related projects should be financed outside the EDF.

1.12. The Committee welcomes the focus on human development as a specific priority of the future Partnership and believes it should be a priority for all three regions and linked to the SDGs.

1.13. The EESC welcomes the Communication's statement to fully protect, promote and realise gender equality and empowerment of women and girls as well as its recognition of the key contribution women and girls make towards peace and state-building, economic growth, technological development, poverty reduction, health and well-being, culture and human development. However the EESC is disappointed that the Communication omits to detail how this will be facilitated.

1.14. The EESC welcomes that trade and the economic partnership agreements (EPAs) will be fully integrated into the new partnership. The EESC believes that trade agreements, including the EPAs, should use the UN's 2030 Agenda and the Paris (Climate) Agreement as their framework.

1.15. The EESC recommends that ACP-EU EPA negotiations should happen in a transparent way and involve civil society. The EPAs should contain an enforceable sustainable development chapter with civil society actively involved in the implementation, monitoring and review.

1.16. The EESC welcomes that climate is one of the main priorities but is concerned that the climate and environment priorities differ in the three regions. It is also concerned that the focus is on actions required by ACP countries with no reference to the EU's responsibility with regard to its footprint or impact on natural resources and ecosystems in these developing countries.

## 2. Background

2.1. The European Union (EU) and the 79 countries of Africa, the Caribbean and the Pacific (ACP) have a comprehensive and legally binding international cooperation agreement that has united more than half of the world's nation states. Named the Cotonou Partnership Agreement (CPA or Cotonou), it was signed in Benin in 2000, and aims to strengthen the long-standing cooperation in politics, trade and development between the EU and the ACP countries. This agreement has led to the creation of a range of institutions that facilitate ACP-EU cooperation among governments, public officials, members of Parliament, local authorities and civil society, including the private sector. It builds on a historic relationship between the EU and its former colonies, which has since evolved through a succession of agreements: from the association agreements of

Yaoundé I and II Conventions between the European Economic Community and former French colonies in Africa (1963-1975), to the successive ACP-EU Lomé Conventions (1975-2000), and the latest Partnership Agreement signed in Cotonou (2000).

2.2. The Lomé Conventions granted ACP countries legal status, allowing them to create a development model and claim privileged access to the Common Market. This framework gave greater weight to Caribbean and Pacific countries, which were unlikely to have benefited from this type of development model in bilateral agreements. Although poverty declined, the share of the ACP countries in the internal market decreased from 6,7 % in 1976 to 3 % in 1998.

2.3. The Cotonou Agreement aimed to strengthen the partnership and is comprised of three pillars — political, commercial and sustainable development. This all-encompassing agreement's initial objective has been to help development in the ACP countries while encouraging the diversification of their economies by creating an environment for entrepreneurship and investment.

### 3. General Comments

3.1. The CPA is due to expire in 2020 resulting in the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy issuing a Joint Communication Paper, dated 22 November 2016. This communication put forward three options based on the results of the public consultation launched on 6 October 2015. The first option suggested renewing the CPA with the ACP countries. The advantage of this is that it would retain the ACP format; however, it would not have led to an agreement that took on board the specific priorities identified by the parties involved. In addition, it would not have taken into account significant changes since 2000 such as EU enlargement, the divergent priorities in the ACP countries and the increasing importance of regional organisations such as the African Union.

3.2. The second option consisted of a total regionalisation of relations between the EU and the ACP countries. This approach, although reflecting the variations between the three regions, would have ignored the ACP countries' stated wish to remain united, as well as the mutual desire to use the EU-ACP format to influence international institutions.

3.3. The preferred option is the third one, which appears to have found consensus on all sides. Revision here implies the conclusion of a 'common framework agreement with three regional pillars': 'the third option is an agreement with the partner countries, comprising three distinct regional partnerships with Africa, the Caribbean and the Pacific, with the possibility of close involvement with other countries as part of a common framework. This framework would define common values, principles, vital details and interests, which implies cooperation between those involved, by using the ACP's longstanding "acquis". It would also provide for specific cooperation mechanisms in the world arena. The three regional partners would use and integrate those that already exist (for example the common EU-ACP strategy) and would establish priorities and actions focused on specific details in the partnership programme in each of the three regions.' This institutional arrangement proposed by the Commission consisting of three separate regional partnerships with Africa, the Caribbean and the Pacific, under an umbrella arrangement, retains the *acquis* and the advantages of the EU-ACP format whilst allowing for differentiated development initiatives according to the region. In addition, according to this preferred option there is the possibility of allowing for the involvement of other countries outside of the ACP, such as the other least-developed countries (LDCs), or those in North Africa, in the future.

3.4. The EESC welcomes the European Commission's aim of making the partnership legally binding while remaining flexible and responsive so that it can adapt to a regularly changing environment. The EESC recommends that 'legally binding' be clearly defined in the post-Cotonou Agreement and that it should include consultation and sanction procedures, in the event of violations of human rights, democratic principles and, in particular, the rule of law. The EESC notes that the ACP countries support the binding nature of the future agreement<sup>(1)</sup> and believes this would guarantee predictability, transparency and mutual responsibility.

3.5. There is an opportunity provided by recently adopted international frameworks — the 2030 Agenda for Sustainable Development, the Paris Agreement on Climate Change, the Addis Ababa Agenda for Action, the Sendai framework and the

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<sup>(1)</sup> 'Sipopo Declaration: the future of the ACP group in a changing world. 7th Summit of the ACP heads of state and government: challenges and opportunities', 13-14 December 2012.

UN Urban Agenda — to include these in a new agreement, putting the partners to the agreement on the path to sustainability for the benefit of people, prosperity and the planet. The future partnership should be based on these international frameworks and commitments, implementing them in an integrated, inclusive and sustainable way.

3.6. The future agreement should prioritise human development, noting the twin impacts of exponential demographic growth and climate disruption that ACP countries face. This will present challenges for nutrition and food security, environmental protection, and achieving prosperity for all.

3.7. The Policy Coherence for Development (PCD) should be a key element of the future Partnership, ensuring that all EU internal and external policies reinforce sustainable development within the EU and globally.

#### 4. Specific Comments

##### 4.1. Involvement of civil society in the future ACP-EU Partnership

4.1.1. The EESC welcomes the fact that Article 6 of the CPA supports the involvement of non-state actors (NSAs) by acknowledging that they are essential players in the partnership. However it is disappointed that cooperation has remained so government-oriented despite the recognition that political dialogue is important for fostering civil society participation in the development process. There are some exceptions, the ACP-EU Joint Parliamentary Assembly and the Cariforum-EU Parliamentary Assembly, the Cariforum-EU Consultative Committee and the Cariforum-EU Trade and Development Committee. These however can be further enhanced going forward.

4.1.2. The EESC reiterates the crucial role of non-government stakeholders in ACP-EU relations, throughout the sustainable development process and in the monitoring of the EPAs. The UN 2030 Agenda recognises the role of civil society as it states the 'scale and ambition of the new Agenda requires a revitalised Global Partnership to ensure its implementation...It will facilitate an intensive global engagement in support of implementation of all the Goals and targets, bringing together governments, the private sector, civil society, the United Nations system and other actors and mobilising all available resources.'

4.1.3. The EESC notes with disappointment that a number of ACP, and recently EU, countries are introducing restrictive legislation to curtail the work of NSAs, which in some cases has had detrimental implications for the active participation of CSOs. The 2016 CSO Sustainability Index <sup>(2)</sup> highlights that in many countries in sub-Saharan Africa, CSOs — particularly those focused on advocacy and human rights — are facing increasing restrictions or threats of restrictions on their work.

4.1.4. The EESC recommends that the new framework agreed should reinforce the legitimacy of CSOs in particular, and NSAs in general, as much-needed stakeholders in policy processes by including CSOs, from both the ACP and EU, in the legally binding principles of the agreement. This should include a structured framework between CSOs and all joint ACP-EU institutions. It therefore calls for stronger technical and financial commitments to encourage and bolster the active participation of CSOs.

##### 4.2. Trade and Sustainable Development

4.2.1. Under Lomé IV, ACP countries benefited from non-reciprocal preferences granted unilaterally by the EU, so that they could export their production to the Common Market, together with a system to compensate them for the loss of export revenues in the event of fluctuation in exchange rates or natural disasters. This set-up was ruled to be against the World Trade Organisation's 'most favoured nation' principle, so to make the new Cotonou agreement compliant with WTO rules, Economic Partnership Agreements (EPAs) were designed to overcome this with the aim of allowing the ACP countries to integrate into the world economy.

4.2.2. Europe has therefore negotiated EPAs with the six regions that comprise the 79 ACP countries, with the aim of creating joint partnerships in terms of trade and development, supported by development aid. From 2000 to 2008 access

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<sup>(2)</sup> <https://www.usaid.gov/africa-civil-society>

to the European market was achieved by means of non-reciprocal national preference, which comprised a system of derogations from the WTO's rules. From 2008 free trade agreements were signed under the EPAs; however, the required signatures and subsequent implementation proved to be an ongoing challenge. Although to date six EPAs have been established, the ratification process for most was impeded. In 2007 Europe signed the first of these agreements with 15 Caribbean States, which provisionally came into force in December 2008. In Africa the result was more mixed. In 2014 16 States from Western Africa, as well as two regional organisations, ECOWAS and WAEMU, and the East African Community have reached an agreement, but signatures are still ongoing. The countries of the South African Development Community signed the EPA in 2016. Finally the interim EPA between Europe and the Pacific States was signed by Papua-New-Guinea and by Fiji in 2009, since these two countries account for most of the trade between Europe and the Pacific.

4.2.3. The Cotonou Agreement therefore comprises a significant dimension in terms of trade. Indeed, in 2012 the EU was the second-biggest trade partner of the ACP after the USA. The EU takes the lead over Venezuela, China, Brazil, Canada and India. It represents 12,1 % of the ACP countries' trade, which is less than the USA (35,7 %) but more than China (6,9 %) <sup>(3)</sup>.

4.2.4. According to the International Trade Centre, between 2003 and 2012 the market share of the ACP countries in the world economy rose from 1,4 % to 1,7 % while the EU-28 market share in the ACP market rose from 10,9 % to 11,5 % over the same period. However since 2010, the ACP countries have been affected by the consequences of the 2008 economic crisis with the total value of their merchandise trade declining. In 2015 exports represented USD 320,7 billion (compared with USD 495,1 billion in 2011), and imports represented USD 439,6 billion (compared with USD 500,2 billion in 2014).

4.2.5. The EESC recommends that the revision of the Cotonou Agreement should aim to reconcile the ACP countries with the expansion of trade, given that 80 % of the least developed countries still belong to the ACP group. The Committee also notes that agriculture represents 90 % of ACP exports, employing the majority of the working population. On average 20 % of the national wealth comes from agricultural revenues with extreme variations between ACP countries. For example, half of Chad's GDP comes from agricultural production, compared to 1 % on average in the Caribbean <sup>(4)</sup>.

4.2.6. **Trade and regional integration:** The EPA aims to foster regional integration and is premised on the logic that greater regional integration boosts trading capacities and in turn, boosts growth, employment and economic development. To facilitate intra-ACP trade, investment in infrastructure — including clean energy — is needed to help the ACP move towards the production and export of intermediate and finished goods, thereby moving up the global value chain (GVC). This will also require an efficient shipping industry. The EESC therefore recommends that shipping should be included in the EU trade and development policy agenda.

4.2.7. **Trade and sustainable development:** The Future Partnership should place trade and the EPAs within the framework of the 2030 Agenda and Paris Agreement. The EPAs should contain an enforceable sustainable development chapter with a formal and structured framework for CSO inclusion. Future ACP-EU negotiations should take place transparently, involving CSOs in the monitoring of the negotiations and the implementation and monitoring of the agreement.

### 4.3. Development cooperation

4.3.1. The cooperation tools and methods are meant to operationalise the CPA's principles by focusing on results, partnership and ownership. The programming and implementation of the European Development Fund (EDF) are therefore designed as a joint responsibility.

4.3.2. The EDF is directly financed through voluntary contributions by EU MS outside of the EU budget, but it is negotiated in parallel with other EU external financing instruments to ensure consistency. It is managed by the European Commission and the European Investment Bank (EIB). The EIB manages the Investment Facility and provides loans, guarantees and funds from both the EDF and its own resources, for private companies in ACP countries for short and long-term private and public sector projects.

<sup>(3)</sup> <https://www.robert-schuman.eu/en/european-issues/0440-post-cotonou-the-modernisation-of-the-ACP-partnership>

<sup>(4)</sup> Press release ACP secretariat: The new ACP policy highlights the transformation of the products from the agricultural sector, 15 June 2017.

4.3.3. The **EDF's total allocations have increased, but are likely to decrease following Brexit**, while retaining its inter-governmental character and governance structure, which has allowed it to become the largest element in EU development cooperation aside from the Multiannual Financial Framework (MFF). Based on the EDF's unique history and legal status, as well as its inter-governmental basis, the European Parliament (EP) has no co-decision power over it. The EP Development Committee does engage in general policy discussions and is an important CPA stakeholder. The Joint Parliamentary Assembly (JPA) also has the power to carry out parliamentary scrutiny over EDF allocations of the National Indicative Programmes (NIPs) and Regional Indicative Programmes (RIPs).

4.3.4. The **EDF and budgetisation**: The EP, through the special discharge procedure, grants discharge to the European Commission for its management and implementation of EDF. Budgetisation — inclusion of the EDF in the EU's budget — remains a source of friction between the EP and the Council, although the Commission has suggested that the EDF be included in the EU budget on several occasions.

4.3.5. The EESC believes that all forms of support that the EU gives to third countries should fall under the same legal framework and be subject to the same democratic checks of the EP. It therefore calls for the integration of the EDF into the EU budget while preserving the positive aspects of the EDF (e.g. reciprocity and mutual responsibility). This will result in a more coherent EU development policy.

Brussels, 7 December 2017.

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

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**Opinion of the European Economic and Social Committee on ‘Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions Initiative for the sustainable development of the blue economy in the western Mediterranean’**

(COM(2017) 183)

(2018/C 129/14)

Rapporteur: **Dimitris DIMITRIADIS**

Consultation	Commission, 31.5.2017
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	REX
Adopted in section	7.11.2017
Adopted at plenary	6.12.2017
Plenary session No	530
Outcome of vote	159/1/1
(for/against/abstentions)	

## 1. Conclusions and recommendations

1.1. The socially and environmentally sustainable evolution of sea basins and coastal areas, counteracting the existing disparities and ensuring the conservation of cultural and biodiversity, is of paramount importance. Moreover, it is one of the most privileged fields for setting up schemes for trans-national cooperation, within and outside the EU. In that sense, the EESC fully supports the specific initiative for the sustainable development of the blue economy in the western Mediterranean and calls on the European institutions to conclude the consultation cycle and to set up the relevant Task Force.

1.2. The EESC considers that the success of this initiative requires good communication and an appropriate climate of cooperation between the States involved in it and, secondly, the European institutions. The Union for the Mediterranean (UfM) is invited to play an important role in efficiently linking all the parties involved.

1.3. The EESC recognises the need to expand the initiative in the following three ways:

1.3.1. Besides the chosen areas of action in the specific initiative — (1) a safer and more secure maritime space; (2) a smart and resilient blue economy and the focus on skills development, research and innovation; (3) better governance of the sea — the EESC suggests a further thematic broadening of the initiative in biodiversity and conservation and intercultural communication, as well as a more concrete strategy for supporting small and very small (-scale) productive activities.

1.3.2. Moreover, the EESC thinks that it will be of great importance to include the progressive evolution of, and trans-national cooperation between, vocational and academic education systems as a horizontal area of intervention, enhancing the effectiveness of the other areas of the blue economy. In that sense, the macroregional strategy approach should be adopted.

1.3.3. Maritime (transport) safety, security issues, sustainable economic growth and cultural and environmental conservation will not be handled efficiently in the long run, if we overlook the fact that the Mediterranean is a historical, economic and environmental unity<sup>(1)</sup>. Therefore, even though the heightened geopolitical tensions and exacerbation of

<sup>(1)</sup> In the recently published WWF Report — ‘Reviving the Economy of the Mediterranean Sea — Actions for a sustainable future’ — the authors argue for both first the necessity of a holistic approach and second the fact that ‘the Mediterranean Sea is a major contributor to the regional GDP and that its natural resources represent a huge asset for the Blue Economy not only for the region but also globally’. (See page 7 of the report, [http://www.wwf.gr/images/pdfs/Reviving\\_Mediterranean\\_Sea\\_Economy\\_Full%20rep\\_Lowres.pdf](http://www.wwf.gr/images/pdfs/Reviving_Mediterranean_Sea_Economy_Full%20rep_Lowres.pdf)).

conflicts in the eastern part of the sea basin explain why the initiative is starting in the western Mediterranean, this should be understood as a pilot application that can provide useful experiences and best practices, to be extended into a holistic Mediterranean approach (see also points 3.3, 3.4 and 3.5).

1.4. The EESC anticipates that the success of the initiative will require a high degree of trans-national and cross-sectional coordination. The policies and programmes for the Mediterranean implemented over the last 20 years have had poor results and have left enormous amounts of funds unused, due to the different attitudes and lack of effective coordination between the Community institutions and the public administrations in non-EU Mediterranean countries, and because in some cases bureaucracy, hidden behind the pretext of transparency, has created excessive barriers to the use of existing funds. This implies the need for a technical assistance sub-project covering the following issues:

1.4.1. A thorough comparative analysis that will pinpoint the overlapping areas in the existing plethora of initiatives of similar (if not identical) focus (see points 3.9 and 3.10), in order to save resources and enhance the final outcomes. The EESC highlights the risk of the implementation of the initiative being delayed or even cancelled, if there is no clear definition of the medium- and long-term goals and/or no specific definition of the competences of the participating bodies and institutions.

1.4.2. An operational master plan, which will define the competences of the Task Force for the blue economy, the specific organisational/administrative instruments, distinct roles for the regional, national and international institutions involved, in addition to a well-specified time schedule (see also points 4.5 and 4.6). Given that research institutions will have a significant role, the author(s) of this master plan should also consider the regional heterogeneity with respect to the existence of a well-experienced and competent R&D sector, as well as any existing examples of successful R&D collaboration from both shores of the Mediterranean.

1.4.3. Planning and implementation of a sufficiently far-reaching communication strategy that will publicise the content of the Initiative for the blue economy and the resulting opportunities and prospects, in order (i) to record all the institutions and stakeholders that may be included and/or affected, especially at the regional and local level; and (ii) to circulate the relevant information among them.

1.5. Following on from the above general recommendations, detailed conclusions and relevant proposals are as follows:

1.5.1. The EESC agrees that, in order to succeed in the struggle against crime and terrorism, there is a need for more effective networking of the land and sea border authorities on both shores, as well as the systematic exchange and analysis of data, in close collaboration with Frontex and other global, transnational institutions like the International Maritime Organisation (IMO).

1.5.2. Nevertheless, given the networking of land and sea border authorities, the EESC wishes to pay particular attention to the rules of 'good governance', and to the need to carefully consider human rights, both individual and collective (see also point 4.1).

1.5.3. In order for spatial planning and coastal management to be efficient, the quadruple helix approach should be adopted, at trans-national and especially regional/local level. Strengthened involvement of local authorities (municipalities and regions), as well as social partners and civil society organisations, within their respective areas of activity, is required. To that end, the Commission should invite local public and private-sector stakeholders to the consultation on the Communication and on the specific areas of action — transport safety and security, fisheries, tourism and energy, social cohesion and environmental sustainability (see also points 4.2.1 and 4.3).

1.5.4. 'Blue Growth'<sup>(2)</sup> is one of the main long-term strategies for achieving the Europe 2020 goals of smart, sustainable and inclusive growth: fishing and aquaculture, coastal (eco-) tourism, maritime logistics (of increased significance for the Mediterranean due to present geopolitical and economic developments), marine biotechnology, ocean energy and seabed mining provide new multi-faceted entrepreneurial opportunities.

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<sup>(2)</sup> [https://ec.europa.eu/maritimeaffairs/policy/blue\\_growth\\_en](https://ec.europa.eu/maritimeaffairs/policy/blue_growth_en)

1.5.5. Small and very small enterprises, cottage industries and family businesses with traditional organisational structures, operational schemes and activities are the backbone of local economies on both shores of the Mediterranean basin. In that sense, networking and cooperative schemes for small and micro-producers may also improve resilience and cost-competitiveness by at the same time preserving the much-needed differentiation of the goods and services they provide. Therefore, the EESC considers that, in addition to innovative and technologically advanced entrepreneurship, it is at least equally important to promote specific, well-adjusted programmes for traditional economic activities as well, taking into consideration local particularities (see points 3.6, 3.7, 4.2.2, 4.2.3 and 4.2.4).

1.5.6. As poverty and youth unemployment may deteriorate in the years to come, particularly in the southern Mediterranean countries, ensuring better matching on the labour market may be significant, but this will surely not be sufficient in dealing with unemployment, social coherence and sustainability. In that sense, the developmental actions summarised in point 1.5.5 are essential for creating new, sustainable vacancies and for improving living standards in the specific areas. These developmental actions have to be carefully planned in cooperation with local institutions and authorities. Moreover, these localised policies are the most efficient way to reverse the push-factors of migration — therefore, they should be understood as a major instrument for dealing with rising migratory flows and the resulting socio-economic problems on both shores, as well as with the related safety and security issues and the struggle against crime and terrorism (point 1.5.1).

1.5.7. With regard to fishing, the EESC considers that: (i) the flexibility of the European Maritime and Fisheries Fund (EMFF) should be enhanced in order to remove barriers between levels of public administration; and (ii) the role of the General Fisheries Commission for the Mediterranean (GFCM) should be strengthened, in order to reverse the still unfavourable situation of the fish stocks of many species, in close cooperation and coordination with non-EU Mediterranean countries (see also points 4.3.4 and 4.3.5).

## 2. Background to the Communication

2.1. In November 2015, the ‘Ministerial Conference on Blue Economy’<sup>(3)</sup> of the UfM adopted a *Declaration* for the further development of the Blue Economy<sup>(4)</sup> by strengthening investment in relevant technology, innovation, knowledge and skills, as well as maritime governance.

2.2. In October 2016, the Foreign Affairs Ministers of the ‘5+5 Dialogue’ — Algeria, Libya, Mauritania, Morocco and Tunisia plus France, Italy, Malta, Portugal and Spain — encouraged further work on an initiative for the sustainable development of the blue economy, in the framework of the Union for the Mediterranean<sup>(5)</sup>.

2.3. This Communication<sup>(6)</sup> and the accompanying Framework for Action (SWD(2017) 130)<sup>(7)</sup> stem from that request. They set out to utilise the opportunities and face the challenges in a region that demands multilateral coordination and international cooperation that has to extend beyond the borders of the European Union (EU).

2.4. Moreover, the EC initiative that underlies this Communication builds on the long-standing experience with sea basin and macro-regional strategies — see for instance the Atlantic Strategy, the EU Strategy for the Baltic Sea and the EU Strategy for the Adriatic and Ionian Region<sup>(8)</sup>. It also benefits from the regional dialogue taking place on the blue economy in the

<sup>(3)</sup> For the agenda of the ‘Ministerial Conference on Blue Economy’ of the UfM held on 17 November 2015 see [http://ufmsecretariat.org/wp-content/uploads/2015/10/Agenda\\_UfM\\_Ministerial-on-Blue-Economy\\_MARE-D1.pdf](http://ufmsecretariat.org/wp-content/uploads/2015/10/Agenda_UfM_Ministerial-on-Blue-Economy_MARE-D1.pdf)

<sup>(4)</sup> See [http://ufmsecretariat.org/wp-content/uploads/2015/11/2015-11-17-declaration-on-blue-economy\\_en.pdf](http://ufmsecretariat.org/wp-content/uploads/2015/11/2015-11-17-declaration-on-blue-economy_en.pdf)

<sup>(5)</sup> For a brief overview of the decisions adopted by the Foreign Affairs Meeting on 28 October 2016, see <http://ufmsecretariat.org/foreign-affairs-ministers-of-the-5-5-dialogue-discuss-pressing-regional-challenges-and-highlight-the-positive-contribution-of-ufm-activities-to-the-enhancement-of-regional-cooperation/>. For the history of the ‘5+5 dialogue’ from 2003 see [http://westmediterraneanforum.org/wp-content/uploads/2013/09/131017\\_chronology5+51.pdf](http://westmediterraneanforum.org/wp-content/uploads/2013/09/131017_chronology5+51.pdf)

<sup>(6)</sup> [https://ec.europa.eu/maritimeaffairs/sites/maritimeaffairs/files/com-2017-183\\_en.pdf](https://ec.europa.eu/maritimeaffairs/sites/maritimeaffairs/files/com-2017-183_en.pdf)

<sup>(7)</sup> [https://ec.europa.eu/maritimeaffairs/sites/maritimeaffairs/files/swd-2017-130\\_en.pdf](https://ec.europa.eu/maritimeaffairs/sites/maritimeaffairs/files/swd-2017-130_en.pdf)

<sup>(8)</sup> For the three EU regional strategies see the following websites: <http://www.atlanticstrategy.eu/> for the Atlantic Strategy, <https://www.balticsea-region-strategy.eu/> for the EU strategy for the Baltic Sea Region (EUSBSR) and <http://www.adriatic-ionian.eu/> for the Adriatic and Ionian Region (EUSAIR).

framework of the UfM (mentioned above), the General Fisheries Commission for the Mediterranean<sup>(9)</sup>, the Barcelona Convention for the Protection of the Marine Environment and Coastal Region of the Mediterranean<sup>(10)</sup>, as well as the UN 2030 Agenda for Sustainable Development<sup>(11)</sup> and the efforts made to implement the Mediterranean Strategy for Sustainable Development<sup>(12)</sup>.

2.5. Furthermore, this Communication is in accordance with the evolving scientific and socio-political discussion worldwide. The blue economy is already one of the most important contemporary issues; first because of the importance of sea and ocean assets and the respective potential for sea- and ocean-related economic growth and, second, due to the fact that sea and ocean sustainability is the major parameter for global environmental preservation<sup>(13)</sup>.

2.6. The Communication recognises the need for increased safety and security, sustainable economic growth and jobs, as well as the preservation of ecosystems and biodiversity in the western Mediterranean. In other words it wants to contribute to the promotion of socially and environmentally sustainable economic development in the sea basin, the northern and southern coastal areas, the ports and the cities that constitute an integrated system for the mobility of people and commodities, going far beyond the existing administrative and political discontinuities. To that end it outlines three areas of challenges:

2.6.1. *Safety and security of maritime activities*: according to the Communication the western Mediterranean has traffic congestion areas which will be facing increased risks (in terms of transport accidents) because of future geopolitical and economic developments like the doubling of the Suez Canal. On the other hand, security issues are already significant — illegal migration is an indication of this — while the current socioeconomic and demographic trends along with the climate change effects are expected to amplify competition for resources and geopolitical instability.

2.6.2. *High youth unemployment rates versus an ageing maritime workforce*: the Communication recognises a well-known 'employment paradox', namely an untapped workforce on the one hand and unfilled job vacancies on the other, especially concentrated in blue economy sectors and industries. The Commission believes that the current situation is mainly (if not solely) the result of a mismatch. Therefore, it focuses on the lack of dialogue and cooperation between industry and the educational system.

2.6.3. *Diverging and competing interests at sea*: according to the data presented in the Communication, the western Mediterranean has the greatest biodiversity in the entire basin. At the same time it concentrates approximately half of Mediterranean GDP from mainly maritime activities — tourism, aquaculture, fisheries and transport — which leads to growing coastal urbanisation, over-exploitation of fish stocks, marine pollution and wider conservation issues. Given the trans-national nature of the interests involved and the serious socio-economic disparities, these factors fully justify the Communication's view that the area is 'a hotspot of economic, demographic and environmental pressures'.

2.7. Overall, the Commission recognises that the existing framework of cooperation schemes on both shores of the sea basin have not proved efficient enough. In that sense, the initiative addresses an existing need. Nevertheless, success in dealing with this depends on many general and specific amendments and adjustments, many of which we will try to present in the following paragraphs.

### 3. General comments

3.1. The EESC supports the Commission's efforts to consolidate and develop an environmentally sustainable production and consumption chain, e.g. through the use of clean forms of energy for desalination, the promotion of energy efficiency and clean energy more generally, and the promotion and strengthening of green freight and shipping. This is of particular importance given the enormous potential for entrepreneurial activities in the area of interest.

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<sup>(9)</sup> <http://www.fao.org/gfcm/en/>

<sup>(10)</sup> The Convention for the Protection of the Mediterranean Sea against Pollution (the Barcelona Convention) was adopted on 16 February 1976 by the Conference of Plenipotentiaries of the Coastal States of the Mediterranean Region for the Protection of the Mediterranean Sea, held in Barcelona. The original Convention has been modified by amendments adopted on 10 June 1995 (UNEP (OCA)/MED IG.6/7). It entered into force on 9 July 2004.

<sup>(11)</sup> [https://www.un.org/pga/wp-content/uploads/sites/3/2015/08/120815\\_outcome-document-of-Summit-for-adoption-of-the-post-2015-development-agenda.pdf](https://www.un.org/pga/wp-content/uploads/sites/3/2015/08/120815_outcome-document-of-Summit-for-adoption-of-the-post-2015-development-agenda.pdf)

<sup>(12)</sup> [https://planbleu.org/sites/default/files/upload/files/smdd\\_uk.pdf](https://planbleu.org/sites/default/files/upload/files/smdd_uk.pdf)

<sup>(13)</sup> See in 'Reviving the Economy of the Mediterranean Sea — Actions for a sustainable future', WWF Report with the support of Boston Consulting Group, 2017, [http://www.wwf.gr/images/pdfs/Reviving\\_Mediterranean\\_Sea\\_Economy\\_Full%20rep\\_Lowres.pdf](http://www.wwf.gr/images/pdfs/Reviving_Mediterranean_Sea_Economy_Full%20rep_Lowres.pdf)

3.2. The term 'blue economy' refers to the socially and environmentally sustainable evolution of sea basins and coastal areas, counteracting the existing disparities and ensuring the conservation of cultural and biodiversity, which is especially crucial in the light of the history, and with a view to the future, of the Mediterranean. In that sense, the chosen areas of action in the Communication — (1) maritime safety and security; (2) a smart and resilient economy; (3) better governance of the sea — although important, may be ineffectively restrictive with respect to the needs of the basin. The EESC suggests a further broadening of the initiative in the areas of biodiversity and conservation, intercultural communication, as well as a more concrete strategy for supporting small and very small (-scale) productive activities, for instance in fishing etc.

3.3. Maritime (transport) safety but especially security issues, although very important, cannot be limited to the western Mediterranean. On the contrary, the geopolitical history and the current deterioration, along with the exploding refugee crisis in the eastern part of the sea basin, point to the need for a holistic Mediterranean approach to dealing with these issues.

3.4. This also applies to the rest of the defined areas of interest — sustainable economic growth, cultural and environmental conservation issues, etc. The Mediterranean should not be divided into western and eastern. Even if this has to be the case for administrative reasons and for short-term tactics, in the long run, strategic planning has to deal with the basin as a whole.

3.5. The EESC fully understands that, given the heightened geopolitical tensions and the exacerbation of conflicts in the eastern Mediterranean, starting with the initiative for the western Mediterranean might be an easier, more realistic and more quickly accomplished approach. But, if this is not followed by an analogous initiative for the eastern Mediterranean, there is a significant risk that the goals set may not be accomplished. The same problems, but with much more tension due to geopolitical conditions, are faced by the eastern Mediterranean, for which analogous rules and policies should be scheduled and applied.

3.6. Although the lack of 'dialogue' between industry on the one hand, and academia and the R&D sector on the other, may be an important consideration when dealing with unemployment (especially in the long run and in times of economic growth), it is inefficiently one-sided to focus only on this matter. On the contrary, the existing economic disequilibria (with the lack of new job vacancies and high unemployment being a major aspect) and the widening socio-economic disparities in the western Mediterranean sea basin should be addressed in the light of the persistent systemic crisis in the northern part of the region and the general lack of willingness to make productive investments.

3.7. Whenever economic activity strongly interacts with conservation issues, where there are (macro-) economic externalities (either demand or supply-driven), and where the sum of free individual choices generates socio-economic and environmental sustainability issues, there is a need for effective policy intervention, which, in times of intensified internationalisation, has to be cross-nationally adjusted. In cases of over-exploitation of fish stocks, maritime pollution, over-urbanisation and inefficiently growing agglomerations, persistent economic/financial crises and growing trans-regional and social disparities within and outside the EU, the doctrine of 'freeing market forces' is not enough.

3.8. In that sense, the recognised shortcomings in the existing policy-making framework in the area, which are mainly due to the lack of cooperation between the different countries — the Communication refers to these when discussing the third group of challenges and gaps for the diverging and competing interests — are an extremely important factor when dealing with both the environmental and the socio-economic disputes in the region. Existing and future bilateral agreements between neighbouring EU and southern Mediterranean countries should be effectively respected. The absence of a united and therefore strong EU voice on foreign policy issues may not help in this respect, yet, on the other hand, the countries on the southern shore of the basin should expect the EU to be their main (if not only) partner, with a strong and sincere interest in promoting the common prospects for sustainable development and prosperity in the area.

3.9. Apart from the existing lack of cross-national cooperation, another policy coordination need results from the confusing plethora of initiatives and platforms of similar (if not identical) focus. The Communication we are commenting

on refers for instance to the EU Blue Growth Strategy and the Maritime Policy<sup>(14)</sup>, the EU Strategy for more jobs and growth in coastal and maritime tourism<sup>(15)</sup>, the BLUEMED Initiative<sup>(16)</sup> and FAO Blue Growth<sup>(17)</sup>. Moreover, there are other activities that include both shores of the basin, such as the Action Plan for Sustainable Consumption and Production and the Regional Transport Action Plan for the Mediterranean Region<sup>(18)</sup>.

3.10. In the light of the broad range of existing initiatives of similar orientation, the EESC calls for a thorough comparative analysis that will pinpoint the overlapping areas, making it possible to use the initiatives in a way that saves resources and enhances the final outcomes. Best practices applied in other macro-regional strategies (also in the Baltic Sea) and initiatives (like the Smart Islands Initiative)<sup>(19)</sup>, should be given closer study and consideration.

3.11. Unrealistic requirements that restrict the effectiveness of European programmes in the Mediterranean, on the one hand, and on the other hand bureaucracy resulting from a phobia of misspending EU funds, as well as corruption and inefficiency in parts of/cases involving the public administration on both shores of the basin have led to serious shortcomings in the take-up of existing European funds for the Mediterranean.

3.12. On the other hand, the UfM has so far not succeeded in playing the role it should, despite the different projects that have been announced. Therefore, its intervention in the region has to be further strengthened. Blue economy initiatives could be of great importance for general prosperity, but they need to be effectively linked with the existing structures and frameworks.

#### 4. Specific comments

##### 4.1. *A safer and more secure maritime space*

4.1.1. The Communication focuses on two specific areas of intervention: (1) cooperation between coastguards; and (2) data-sharing and administrative collaboration for enhancing capacity for responding to and countering marine pollution from accidents.

4.1.2. The EESC considers the strengthening of networking and hence cooperation between the land and sea border guard and control authorities on both shores, with the assistance of Frontex, to be essential. Systematic exchange and analysis of information by a supranational data analysis centre is also necessary, in order to succeed in the struggle against crime and terrorism. Nevertheless, the rules of 'good governance' as well as human rights, both individual and collective, have to be carefully considered, especially given the negative experience of specific regimes.

4.1.3. The EESC considers that these two well-defined approaches are an effective way of dealing with the issue of a safer and more secure maritime space. Analysis of the underlying quantitative targets needs to be improved, however, for the continuous surveillance and evaluation of this priority, and efforts should be made to coordinate and collaborate with global, transnational institutions like the IMO<sup>(20)</sup>.

##### 4.2. *A smart and resilient blue economy*

4.2.1. The EESC is disappointed that the social partners and civil society organisations are at best under-represented (if not entirely absent) in the Communication, although these institutions could be extremely useful in planning, as well as in implementing specific policies and programmes, due to their experience in dealing with critical situations and their proven ability to intervene directly in, and solve, socio-economic problems.

<sup>(14)</sup> See for instance the latest report on the Blue Growth Strategy — SWD(2017) 128 final — at [https://ec.europa.eu/maritimeaffairs/sites/maritimeaffairs/files/swd-2017-128\\_en.pdf](https://ec.europa.eu/maritimeaffairs/sites/maritimeaffairs/files/swd-2017-128_en.pdf)

<sup>(15)</sup> COM/2014/086 final.

<sup>(16)</sup> [https://ec.europa.eu/maritimeaffairs/content/bluemed-initiative-blue-growth-and-jobs-mediterranean\\_en](https://ec.europa.eu/maritimeaffairs/content/bluemed-initiative-blue-growth-and-jobs-mediterranean_en)

<sup>(17)</sup> For more details on the Blue Growth Initiative of the Food and Agriculture Organisation of the UN see <http://www.fao.org/3/a-mk541e/mk541e02.pdf>

<sup>(18)</sup> See <http://www.unep.org/ourplanet/june-2017/unep-publications/regional-action-plan-sustainable-consumption-and-production> and [https://ec.europa.eu/transport/sites/transport/files/themes/international/european\\_neighbourhood\\_policy/mediterranean\\_partnership/docs/rtap2014\\_2020\\_en.pdf](https://ec.europa.eu/transport/sites/transport/files/themes/international/european_neighbourhood_policy/mediterranean_partnership/docs/rtap2014_2020_en.pdf) respectively.

<sup>(19)</sup> <http://www.smartislandsinitiative.eu/en/index.php>

<sup>(20)</sup> <http://www.imo.org/en/Pages/Default.aspx>

4.2.2. Poverty and youth unemployment may worsen in the years to come due to climate change, which will particularly affect conditions in the southern Mediterranean countries. The Commission, in cooperation with local authorities and social partners, should undertake developmental actions at local level — e.g. encouragement of SMEs, support for cottage industries, special actions to support the primary sector and promote local agricultural and fishery products in European markets, etc. — along with appropriate improvements in local education and vocational training, to improve the living standards of residents and prevent migration. The blue economy can provide a decent income to thousands of families through modern, small-scale and high-quality approaches to fishing, conservation and the supply of fisheries products.

4.2.3. Family businesses, small and very small enterprises with traditional organisational structures, operational schemes and activities are the backbone of local economies on both sides of the Mediterranean basin, especially in the sectors and industries that constitute the blue economy. For this reason, the EESC considers that, in addition to the initiatives to support innovative and technologically advanced entrepreneurship, it is at least equally important to promote programmes for traditional economic activities as well.

4.2.4. In that sense, the EESC argues that the second group of actions in this priority, dealing with maritime clustering, has to be reinforced. Networking and cooperative schemes for small and micro-producers may improve resilience and cost-competitiveness by at the same time preserving the much-needed differentiation of the goods and services they provide. Clustering, on the other hand, may be effective in specific sectors where capital concentration is essential — like that of renewable energy and freight. Nevertheless, the EESC considers the ideas of clustering, the creation of incubators and the promotion of business plans through business angel services as being quite premature even for the more advanced economies in the EU, which points to the need to plan well-specified support services, especially for the small producers, craftsmen and traders on the southern shore of the basin.

4.2.5. Moreover, in accordance with the 4th strategic priority of the aforementioned recently published report of WWF on reviving the Economy of the Mediterranean Sea, the redirection of public and private financing into unlocking the potential of natural assets in the area is both, possible and necessary. It can generate income, while taking into account social and environmental sustainability, via carbon finance mechanisms such as the Payment for Ecosystem Service (PES)<sup>(21)</sup>. For instance, the Mediterranean seagrass beds are among the most efficient systems for sequestering carbon, which means that public and private investment in this direction may combine strengthening local economic growth with contributing to the global climate strategy.

### 4.3. *Better governance of the sea*

4.3.1. In order to succeed with the first group of actions — spatial planning and coastal management — the quadruple helix approach should be adopted<sup>(22)</sup>. Strengthened involvement of local authorities (municipalities and regions), academia and R&D, social partners, as well as civil society organisations, within their respective areas of activity, is required, due to their better knowledge of local socio-economic and environmental conditions and also because of their administrative flexibility.

4.3.2. In that sense, organised economic and social interests can and should play a decisive role in the socio-economic development of the Mediterranean. The Commission, in cooperation with the UfM, should invite private-sector stakeholders to the consultation on the Communication, guaranteeing their substantive contribution to planning and thereby more efficient involvement in the implementation of relevant programmes and activities. With regard to fishing, measures should be adopted to reinforce joint management schemes by ensuring that stakeholders are efficiently involved in the decision-making process.

4.3.3. Emphasis should be placed on the lack of cooperation between European and non-European countries in the western Mediterranean, especially with respect to security and immigration issues that affect economic development.

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<sup>(21)</sup> PES occurs when a beneficiary or user of an ecosystem service makes a direct or indirect payment to the provider of that service. In the case of the Mediterranean basin, PES can be also anticipated as an environmental justification for the transfer of funds from the northern to the southern shore.

<sup>(22)</sup> See in <http://cor.europa.eu/en/documentation/studies/Documents/quadruple-helix.pdf>

4.3.4. Fishing is a key factor in the economic activity of the Mediterranean and the second most important source of wealth, following tourism. The EESC agrees that there is a need to plan specific actions in this industry — of the kind set out in the fourth group of actions in this priority. The programmes should aim to reduce over-fishing and develop support services and funding to ensure the survival of small-scale fisheries and the parallel development of coastal communities. The flexibility of the EMFF<sup>(23)</sup> needs to be enhanced in order to remove barriers between levels of public administration when defining effective initiatives.

4.3.5. The EESC considers that the role of the General Fisheries Commission for the Mediterranean (GFCM) should be strengthened, in order to ensure that necessary, consistent and compatible administrative measures are adopted, aimed at reversing the unfavourable situation of fish stocks, in close cooperation and coordination with non-EU Mediterranean countries.

4.4. The EESC has repeatedly pointed out that the policies and programmes for the Mediterranean implemented over the last twenty years have had poor results and have left enormous amounts of funds unused, due to the different attitudes and lack of effective coordination between the responsible Community institutions and the national governments and public administrations in non-EU Mediterranean countries. Strong support and technical assistance in this regard are urgently needed to improve the level of response of non-EU institutions to the requirements of European funding, as is greater adaptability on the part of the Commission.

4.5. The effective implementation of the actions set out in the Communication is particularly threatened by cumbersome bureaucracy, as is clear from the chapter on 'Governance and Implementation', but also by the involvement of completely different institutions with different structures and attitudes, such as the ministerial meetings, the Commission, the UfM etc. An operational plan is needed with specific organisational/administrative instruments and distinct roles.

4.6. The EESC considers that the Task Force for the blue economy, along with a clearly defined action and competence plan, should be set up immediately, linked to the working groups of the UfM. The Task Force should have the necessary flexibility to react quickly to emergencies — natural and environmental disasters, etc. — but also to fulfil specific tasks and responsibilities. The EESC is cautious in its assessment of the effectiveness of the Task Force, which will depend on its membership and on the direct involvement of the European institutions and non-EU national governments. Therefore, the EESC considers that the Task Force should be carefully designed from the beginning, with a well-defined organisational chart and an efficient system of processes and procedures, as well as a competently designed, specific business plan.

Brussels, 6 December 2017.

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

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<sup>(23)</sup> See [https://ec.europa.eu/fisheries/cfp/emff\\_en](https://ec.europa.eu/fisheries/cfp/emff_en) for more information.

**Opinion of the European Economic and Social Committee on ‘Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — An Action Plan for nature, people and the economy’**

(COM(2017) 198 final)

(2018/C 129/15)

Rapporteur: **Lutz RIBBE**

Consultation	European Commission, 31.5.2017
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Plenary Assembly decision	25.4.2017
Section responsible	Agriculture, Rural Development and the Environment
Adopted in section	21.11.2017
Adopted at plenary	6.12.2017
Plenary session No	530
Outcome of vote (for/against/abstentions)	157/5/6

## 1. Summary of the EESC’s conclusions and recommendations

1.1. The EESC generally welcomes the findings of the Fitness Check of the Nature Directives, which indicate that the directives are fulfilling their purpose as pillars of a wider biodiversity policy, but that their implementation must be substantially improved.

1.2. Even if each of the 15 individual proposed measures of the new action plan is well-founded, the plan is confusing to the extent that there is little clarity about how it relates to the existing biodiversity strategy, especially since a lot of the content overlaps and there are only very few new features. The EESC feels it would have made more sense to evaluate, and where necessary enhance, the existing biodiversity strategy.

1.3. The critical issue for an effective biodiversity policy must surely be that measures to promote or maintain biodiversity today largely represent a cost factor rather than a source of revenue for land owners and users. Whether they are implemented in or outside Natura 2000 sites, biodiversity measures must make economic sense for those who are to put them into effect. They must not and cannot be carried out on the backs of those people. None of the programmes introduced by the EU and the Member States to date have really been able to resolve this fundamental dilemma; nor unfortunately does the action plan, in which ‘win-win’ positions are often invoked, offer any useful approaches.

1.4. Lack of financing is not just a major obstacle to achieving the agreed biodiversity targets, but is symptomatic of the failures of EU policy. Laws are adopted that entail costs, but no agreement is reached on who must pay or how these costs are to be covered.

1.5. The EESC again urges the European Commission to produce an up-to-date estimate of costs for the Natura 2000 network. The constantly cited sum of EUR 6,1 billion as the amount of resources needed for Natura 2000 is in our view inaccurate; we think that the actual need is likely to be double to three times that figure.

1.6. The EESC therefore believes it is imperative to set out a long-term strategy for meeting the financing needs of biodiversity policy<sup>(1)</sup>. The appropriate context for this would be the discussion about the post-2021 financial perspective, but neither the action plan nor the approaches set out in the *Reflection Paper on the Future of EU finances*<sup>(2)</sup> indicate that the situation could be substantially improved.

1.7. The EESC emphatically welcomes the European Commission's intention to further expand the strategy on green infrastructure in the framework of the action plan. It points out, though, that no blueprint — including this one — will bring about any changes unless backed up by financial resources.

## 2. Background

2.1. The EU adopted its first biodiversity strategy<sup>(3)</sup> back in 1998 to stem the loss of wild animal and plant species and their habitats. The sustainable development strategy adopted in 2001 (Gothenburg Strategy) set out clear goals in relation to biodiversity, namely to halt loss of biodiversity in the EU by 2010 and restore habitats and natural ecosystems.

2.2. Other measures followed, including a biodiversity action plan<sup>(4)</sup> in 2001 and another action plan in May 2006<sup>(5)</sup> whose content was virtually identical.

2.3. When it became evident that the agreed and promised objective could not be achieved, another new EU biodiversity strategy to 2020<sup>(6)</sup> was adopted, based on the Commission Communication *Options for an EU vision and target for biodiversity beyond 2010*<sup>(7)</sup>. The strategy essentially put forward the same recommendations and instruments as the previous action plans and postponed the original deadline of 2010 to 2020.

2.4. The findings of the mid-term review of the biodiversity strategy, containing six clearly defined individual targets with a total of 20 measures, were very disappointing; the review concluded that efforts to protect the natural environment must be dramatically stepped up to achieve the new objective of completely halting biodiversity loss by 2020 and ensuring that lost habitats are restored.

2.5. The EESC gave its opinion on all these texts, with essentially the same critical position, to the effect that:

- in the EU, 'when it comes to maintaining biodiversity there is no shortage of laws, directives, programmes, model projects, political declarations or recommendations, but there is a lack of implementation and concerted action at all political levels',
- further: 'Politicians have not yet found the strength or the will to implement measures which have been acknowledged to be necessary for years, although the communication repeatedly makes the point that society and the economy will benefit equally from a stringent biodiversity policy'<sup>(8)</sup>,
- the EU's biodiversity policy is thus a classic example of a policy of broken promises at European and national level, despite the fact that it has correctly identified the problems and put in place the necessary tools. The EESC did not consider it necessary to change the existing legal basis.

2.6. The Juncker Commission nevertheless decided to review the Nature Directives as part of its REFIT programme. The conclusions confirm the EESC's position; likewise, the Environment Council found that 'as a cornerstone of broader EU biodiversity policy, the Nature Directives are fit for purpose but [...] achieving their objectives and realising their full potential can only be accomplished by substantially improving their implementation'<sup>(9)</sup>.

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<sup>(1)</sup> See EESC opinion on *The biodiversity policy of the EU* (OJ C 487, 28.12. 2016, p. 14) and on the *Mid-term evaluation of the LIFE Programme* (OJ C 173, 31.5.2017, p. 7).

<sup>(2)</sup> COM(2017) 358 of 28 June 2017.

<sup>(3)</sup> COM(1998) 42 final.

<sup>(4)</sup> COM(2001) 162 final.

<sup>(5)</sup> COM(2006) 216 final.

<sup>(6)</sup> COM(2011) 244 final.

<sup>(7)</sup> COM(2010) 4 final.

<sup>(8)</sup> See EESC opinion on *Our life insurance, our natural capital: an EU Biodiversity Strategy to 2020* (OJ C 24, 28.1.2012, p. 111).

<sup>(9)</sup> Environment Council conclusions of 19 June 2017.

2.7. The Commission has responded to the outcome of the REFIT process by presenting an action plan for nature, people and the economy <sup>(10)</sup>, which is the subject of this opinion.

### 3. General comments on the action plan

3.1. The action plan begins with an update on the dire conservation status of species and habitats, which should really have been protected for many years under the nature directives adopted in 1979 or 1992: 'Key factors behind the shortcomings in implementation include limited resources, weak enforcement, poor integration of nature objectives into other policy areas, insufficient knowledge and access to data, and poor communication and stakeholder involvement. Moreover, those who implement the Directives, particularly at regional and local level, are sometimes not sufficiently aware of their requirements or of the flexibility and opportunities they offer. This can lead to tensions between nature protection and economic activity'.

3.2. The purpose of the action plan is 'to improve the implementation of the Directives, their coherence with socioeconomic objectives and engagement with national, regional and local authorities, stakeholders and citizens'.

3.3. In view of the highly regional dimension of the directives and the key role played by local and regional authorities in implementing them, the European Committee of the Regions was closely involved in the preliminary work on the action plan and will also play a key role in the future in collaborating with local and regional authorities and raising their awareness.

3.4. The action plan has a short time frame: the Commission plans to report on the 'delivery' of measures before the end of its current term of office in 2019. The EESC thinks this is very ambitious, if only because the Commission does not provide for any extra human resources to implement the action plan.

3.5. The plan is divided into four priority areas with 15 'concrete actions':

- Priority A — Improving guidance and knowledge and ensuring better coherence with broader socioeconomic objectives,
- Priority B — Building political ownership and strengthening compliance,
- Priority C — Strengthening investment in Natura 2000 and improving synergies with EU funding instruments,
- Priority D — Better communication and outreach, engaging citizens, stakeholders and communities.

### 4. Specific comments on the action plan

4.1. The EESC broadly welcomes the results of the Fitness Check, which vindicate its opinions to date on the matter. A significant number of stakeholders were involved in the Fitness Check, demonstrating that EU biodiversity policy is a subject which concerns a broad cross-section of the population, with a direct impact on some stakeholders, and that it is being intensively discussed.

4.2. Even if each of the 15 individual measures of the action plan could in themselves help to improve implementation of current nature protection legislation, the EESC is somewhat frustrated that the Commission has submitted yet another action plan. In our view it would have made more sense to evaluate the existing biodiversity strategy with its six targets and 20 specific measures, carry out and publish a detailed analysis of its weak points and on that basis possibly incorporate additional measures into it. Producing a new action plan like this will create confusion because it is still completely unclear how it relates to the existing biodiversity strategy, especially since some measures of the action plan (e.g. under Priorities B and C) have been in the EU's biodiversity programmes and on the political agenda for years and remain unimplemented.

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<sup>(10)</sup> COM(2017) 198 final of 27 April 2017.

4.3. The EESC has already pointed out that the profusion of programmes and strategies just creates confusion and that the impression might be created that adding on more and more new programmes, plans or strategies is a way of pretending to be taking action while in reality there is little improvement.

4.4. In the title of the press release on the action plan the European Commission already says that it will help the regions 'defend biodiversity and reap the economic benefits of nature protection'. The EESC appreciates that the action plan does not 'only' address nature and biodiversity, but also considers the relationship between people, nature and economic activities. This demonstrates that biodiversity policy goes beyond the ethical and moral obligation to protect species and habitats, and is also consistent with the EESC's comments in recent years.

4.5. In many regions of Europe, ideas were developed long ago showing how people can benefit from natural capital. For instance, there is an obvious connection between tourism and diverse, varied landscapes with high biodiversity. And it is increasingly recognised that ecosystem services — which are not provided solely in Natura 2000 sites — promote the common good.

4.6. The critical problem, however, is that measures to promote or maintain biodiversity today largely represent a cost factor rather than a source of revenue for land owners and users. Whereas 'natural diversity' used to be a virtual by-product of extensive agriculture, a classic land-use conflict has now arisen, triggered among other things by the difficult economic environment facing farmers and foresters.

4.7. Whether they are implemented in or outside Natura 2000 sites, biodiversity measures must make economic sense for those who are to put them into effect. They must not and cannot be carried out on the backs of those people. The programmes introduced by the EU and the Member States to date have not been able to resolve this fundamental dilemma; nor unfortunately does the action plan, where 'win-win' positions are often invoked, really offer any useful approaches.

4.8. Even those measures that were missing from the previous biodiversity strategies and are introduced in the action plan will not alter this fact: no awareness-raising campaign, however good, no public engagement, however ingenious, no improved guidance and not even the proclamation of 21 May as 'European Natura 2000 Day' — all new measures introduced in the action plan — will be effective unless the economic and financial conditions are right. The EESC believes that further improvement is very necessary in this area: adequate funding must be earmarked for the Natura 2000 network under the new medium-term financial plan from 2021 and sufficient staff must be provided for the authorities that administer it, at both EU and Member State level.

## 5. The issue of the lack of financial resources

5.1. Even as the Natura 2000 network was being set up, land owners and users, for example, were promised that they would receive at least adequate financial compensation if they suffered financially as a result of measures or obligations relating to the Natura 2000 sites. In its *2010 Assessment of Implementing the EU Biodiversity Action Plan* <sup>(11)</sup>, the Commission names ensuring adequate financing as one of four key supporting measures. However, it also concedes: 'Only 20 % of the total financing needs for managing protected areas including the Natura 2000 network in Europe are being met. In 2004, it was estimated that the management of Natura 2000 would require an investment of EUR 6,1 billion annually for the EU-25'. This means there is an annual financial hole of more than EUR 5 billion.

5.2. More recent calculations of the cost of managing Natura 2000 sites suggest that considerably more resources are needed. The German *Länder* estimate that about EUR 1,417 billion is needed for the terrestrial Natura 2000 network in Germany, an average of EUR 175 per hectare. Extrapolating these per-hectare costs to the EU-wide terrestrial Natura 2000 network gives an annual financing need for the EU-28 of almost EUR 21 billion. This does not include the costs of marine Natura 2000 sites. The EESC urges the European Commission to produce an up-to-date and sound estimate of costs for the whole Natura 2000 network.

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<sup>(11)</sup> COM(2010) 548, p. 13.

5.3. Lack of financing for managing the Natura 2000 network is not just a major obstacle to achieving the agreed biodiversity targets, but is symptomatic of the failures of EU policy. Laws are adopted that entail costs, but no agreement is reached on who must pay or how these costs are to be covered. The lack of alignment between EU laws and the EU budget is the main reason for the problems with biodiversity protection in Europe.

5.4. The action plan also assumes no change to the EU budget. This is understandable since we are in the middle of the 2014-2020 financing period; but it means that the problems of biodiversity protection cannot be resolved in this manner by the action plan.

5.5. The only financial measure announced in the action plan is a 10 % increase in the LIFE budget for projects supporting the conservation of nature and biodiversity. This is supposed to be budget-neutral, i.e. the total LIFE budget is to be kept at the same level, so it will have to be offset by cuts to funding for other LIFE programme measures. In 2014-2017 around EUR 610 million was available under the LIFE budget for the priority area covering nature and biodiversity. Thus a 10 % increase would amount to EUR 15 million annually.

5.6. The Commission is therefore right to also mention 'synergies with funding from the common agricultural policy' in connection with Priority C of the action plan ('Strengthening investment in Natura 2000 and improving synergies with EU funding instruments'), as well as increasing awareness of funding opportunities under cohesion policy and the common fisheries policy, and the provision of guidance to support green infrastructure. However, none of these are new measures or proposals, but are things that have long been on the policy agenda and long been called for. They are mentioned in the earlier biodiversity programmes and plans, but no progress has been made on them in the last few years.

5.7. What is therefore needed is for the Commission to set out a long-term strategy on how to finance biodiversity policy<sup>(12)</sup>. The EESC thinks that the discussion now commencing on the financial perspective is the framework in which the relevant issues should be raised. Experience shows that the cooperative projects between regions, nature conservation organisations, as well as farmers and foresters, to implement Natura 2000 measures can work extremely well if they are made sufficiently financially attractive. However, neither the action plan nor current approaches, as set out in the *Reflection Paper on the Future of EU finances*<sup>(13)</sup>, suggest that the situation could be substantially improved.

5.8. The EESC emphatically welcomes the European Commission's intention to further expand the strategy on green infrastructure in the framework of the action plan. It points out, though, that no blueprint — including this one — will bring about any changes unless backed up by financial resources. The EESC would also point here to the conclusions of the Environment Council of 19 June 2017, where the European Commission was urged to move ahead with a proposal for a trans-European network for green infrastructure (TEN-G).

5.9. We therefore refer to our recently adopted opinion on the mid-term review of the LIFE programme<sup>(14)</sup>, in which we recommended making LIFE 'the main instrument for funding the Natura 2000 network'. The opinion goes on to say: 'The approach taken in the past, of funding the Natura 2000 network primarily via the EU's regional development funds and the second pillar of the Common Agricultural Policy, must be regarded as unsatisfactory. The Committee would draw attention to its opinion<sup>(15)</sup> in this connection, and calls for the LIFE programme to be supplemented with appropriately earmarked funds. It is important in this connection to ensure coherence between all support measures, i.e. to avoid any conflict between or duplication of support from other EU funds'.

5.10. The action plan provides for better communication, awareness-raising and involvement of the general public, stakeholders and communities, as well as local and regional authorities. The means of achieving these goals include setting up a 'platform' with the Committee of the Regions. The EESC welcomes this and feels very strongly that greater civil society involvement can only be positive for implementation.

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<sup>(12)</sup> See EESC opinion on *The biodiversity policy of the EU* (OJ C 487, 28.12.2016, p. 14) and on *Mid-term evaluation of the LIFE Programme* (OJ C 173, 31.5.2017, p. 7).

<sup>(13)</sup> COM(2017) 358 of 28 June 2017.

<sup>(14)</sup> See EESC opinion on *Mid-term evaluation of the LIFE Programme*, OJ C 173, 31.5.2017, p. 7.

<sup>(15)</sup> See EESC opinion on *The biodiversity policy of the EU*, OJ C 487, 28.12.2016, p. 14.

5.11. The EESC is pleased to note that the Commission developed and intends to implement the action plan in close collaboration with the CoR. We also offer support for our part, since we believe that even local and regional authorities can only succeed fully if civil society commitment and acceptance are ensured.

Brussels, 6 December 2017.

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

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**Opinion of the European Economic and Social Committee on ‘Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU, Euratom) No 1141/2014 of the European Parliament and of the Council of 22 October 2014 on the statute and funding of European political parties and European political foundations’**

(COM(2017) 481 final — 2017/0219 (COD))

(2018/C 129/16)

Rapporteur: **Sir Graham WATSON**

Co-rapporteurs: **Anne DEMELENNE**

**Stéphane BUFFETAUT**

Consultation	Council of Ministers, 11.10.2017
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Bureau decision	Drafting group, 17.10.2017
Adopted at plenary	7.12.2017
Plenary session No	530
Outcome of vote (for/against/abstentions)	141/0/5

1. The EESC joins the Commission in stressing that democracy is one of the fundamental values of the EU and that political parties and political foundations fulfil an essential role in a representative democracy, as recognised in Article 10 TEU and Article 12(2) of the Charter of Fundamental Rights of the EU.
2. The Committee recognises that Regulation (EU, Euratom) No 1141/2014 on the statute and funding of European political parties and European political foundations has assisted in the process of increasing the visibility, recognition, effectiveness, transparency and accountability of European political parties and their affiliated political foundations; but shares the Commission’s view that work remains to be done to increase the participation of citizens, enhance the inclusivity of elections and the European dimension of the political debate, highlight affiliations between national and European parties and promote political accountability.
3. The Committee agrees with the Commission that, despite the progress made with Regulation (EU, Euratom) No 1141/2014, the existing rules have loopholes which need to be addressed and notes the call from the European Parliament (2017/2733 (RSP)) for improvements and adjustments to the rules.
4. The Committee supports the Commission’s proposals for amendments to the Regulation regarding who can sponsor the registration of a European political party, proportionality of EU funding, the threshold for access to such funding, compliance with the registration criteria and the recovery of misspent funds.
5. The Committee welcomes the Commission’s intention to make the electoral programmes of European-level political parties more easily accessible to citizens. It has some doubts, however, about the proposed new paragraph 3a to Article 18 of the Regulation. This requires that a European political party should include in its application for funding evidence demonstrating that its member parties have continuously published on their websites, during the 12 months preceding the moment at which the application is made, the political programme and logo of the European political party as well as information in relation to each of its member parties on the gender representation among its candidates at the last elections to the European Parliament and among the MEPs.
6. The Committee questions in particular how the former requirement will be policed, how it can apply to new parties emerging in the Member States, and how it can apply if European political parties are tardy in adopting their political programmes; why the latter requirement focusses only on gender and not, for example, on racial or ethnic or linguistic criteria.

7. The Committee therefore recommends to the Commission that the length of time during which the programme must be available on party websites be reduced from 12 months to three and that information about diversity of candidates on electoral lists be required not only to demonstrate relative numbers of women and men but also for ethnic origin and linguistic diversity.

8. Moreover, the EESC once again draws attention to the worsening inequality of treatment between European political parties and foundations, on the one hand, and European associations and foundations with more general objectives (e.g. economic, social, humanitarian, cultural, environmental or sporting associations, etc.) on the other.

9. The Committee once again laments the Commission's decision, several years ago, to withdraw the draft statute for a European association: the barriers to the registration of companies with European statutes and once again urges the Commission to present, in the near future, an equivalent European Regulation on the statute and funding of European non-party-political associations.

Brussels, 7 December 2017.

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

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**Opinion of the European Economic and Social Committee on the proposal for a ‘Regulation of the European Parliament and of the Council amending Regulation (EU) No 1303/2013 as regards the changes to the resources for economic, social and territorial cohesion and to the resources for the investment for growth and jobs goal and for the European territorial cooperation goal’**

(COM(2017) 565 *final* — 2017/0247 COD)

(2018/C 129/17)

Consultation	Council of the European Union, 19.10.2017 European Parliament, 23.10.2017
Legal basis	Articles 177 and 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	6.12.2017
Plenary session No	530
Outcome of vote (for/against/abstentions)	160/0/2

Since the Committee endorsed the content of the proposal and feels that it requires no comment on its part, it decided unanimously not to hold a general discussion and to put the opinion straight to the vote (Rule 50(4) and 56(3)).

Brussels, 6 December 2017.

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

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