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European Economic and Social Committee

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I

(Resolutions, recommendations and opinions)

OPINIONS

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

541ST EESC PLENARY SESSION, 20.2.2019-21.2.2019

Opinion of the European Economic and Social Committee on ‘For a European Framework Directive on a Minimum Income’

(own-initiative opinion)

(2019/C 190/01)

Rapporteur: Georges DASSIS

Plenary Assembly decision 15.3.2018
Legal basis Rule 29(2) of the Rules of Procedure
Own-initiative opinion

Section responsible Employment, Social Affairs and Citizenship
Adopted in section 18.12.2018
Adopted at plenary 20.2.2019
Plenary session No 541
Outcome of vote 158/81/12
(for/against/abstentions)

1. Conclusions and recommendations

1.1. Ever since the first European community was set up – the ECSC, in 1952 – the vast majority of two generations of Europeans have supported the project of European integration. Economic and social cohesion has been a strong factor in public support for this project.

1.2. Since the outbreak of the economic crisis in the wake of the 2008 financial crisis, and despite the economic recovery seen in recent years, the poverty rate has continued to increase for the long-term unemployed and the working poor. It is still worryingly high in most Member States.

1.3. EU texts and commitments – such as the Europe 2020 strategy, which sought to reduce the number of people at risk of poverty by 20 million – are yet to deliver the expected results. Applying the principle of subsidiarity, with the open method of coordination (OMC) as its only mechanism, is therefore not sufficient to achieve the objectives set.

1.4. Introducing a binding European framework for a decent minimum income in Europe, enabling minimum income schemes in the Member States to be extended across the board, supported and made “decent” (adequate), would therefore be a significant initial European response to the serious and persistent problem of poverty in Europe. It would be fully in line with the ‘social triple A for Europe’ as announced by President Juncker, and would send a clear message to citizens that the Union really is there for them.
1.5. It could take the form of a directive defining a reference framework for the establishment of an adequate minimum income, tailored to the standard of living and way of life of each country and taking account of social redistribution, taxation and standard of living factors based on a reference budget whose methodology would be determined at European level.

1.6. The choice of legal instruments that would form this European framework for the establishment of a decent minimum income in Europe is justified by the requirement to ensure that all those in need of such assistance can access it, and that the support is tailored to their real needs. A decent minimum income also constitutes a tool to integrate/reintegrate people who have been excluded into the labour market and to combat in-work poverty.

1.7. The question of introducing a decent minimum income guaranteed by the EU is highly political. While the TEU, the TFEU, the European Pillar of Social Rights justify European action in this field, the question of whether there is a legal basis for EU legislation on a minimum income has been a matter of debate. Those who champion the use of EU legislation here find this legal basis in Article 153(1)(c)(i) and (b)(ii) TFEU. The EESC recommends a pragmatic approach consisting of a binding EU framework to support and guide the development of decent minimum income schemes in the Member States and their funding.

1.8. In its first opinion on this topic, the EESC asked the Commission to examine funding possibilities for a European minimum income, focusing in particular on the prospect of setting up an appropriate European fund (1). As the Commission did not respond to that request, the Committee believes it is worth repeating.

2. General comments

2.1. Introduction

2.1.1. The debate on the adoption of a minimum income at European level is set against the backdrop of a social crisis that is persisting despite the economic recovery, and which is leading to a huge amount of exclusion. The latest Eurostat figures showed that 112.9 million people, or 22.5% of the population, in the European Union (EU) were at risk of poverty or social exclusion. This means that they were in at least one of the following three conditions: at risk of poverty after social transfers (income poverty), severely materially deprived, or living in households with very low work intensity. After three consecutive increases between 2009 and 2012 to reach almost 25%, the proportion of persons at risk of poverty or social exclusion in the EU has since continuously decreased to 22.5% last year, 1.2 percentage points below its 2008 reference-point and 1 percentage point below the 2016 level (2).

2.1.2. Unfortunately, as regards the subject of this opinion on a decent minimum income for people living in poverty and severe poverty, long-term unemployment rose from 2.9% in 2009 (reference year when the 2020 strategy was adopted) to 3.4% in 2017, and the number of working poor in the euro area rose from 7.6% in 2006 to 9.5% in 2016 (in the EU-28, it rose from 8.3% in 2010, the first year for which figures are available, to 9.6%).

2.1.3. Young people are particularly badly affected. In 2016, the EU had more than 6.3 million young people (aged between 15 and 24) who were not in employment, education or training (NEETs). Although the youth unemployment rate fell from more than 23% in 2013 to less than 19% in 2016, it is still very high within the EU (over 40% in several countries). Long-term unemployment is still at record highs among young people. The youth unemployment rate is more than twice the overall unemployment rate (around 19% and 9%, respectively, in 2016), and behind these figures are major disparities between countries: there are more than 30 percentage points separating the country with the lowest rate (Germany, at 7%) from those with the highest rates (Greece, at 47%, and Spain, at 44%).

2.1.4. Moreover, this situation of mass exclusion and poverty hits children particularly hard. According to Eurostat, 26 million European children are living in poverty and exclusion – that is 27% of the EU’s population under 18 (3). These children live in poverty, sometimes single-parent, families or in families of the working poor, and in situations of entrapment and poverty that are very difficult to overcome. As also underlined by the European Parliament in its resolution of 20 December 2010 (4), ‘women as a population group are vulnerable to poverty, thanks to unemployment, failure to share family responsibilities, insecure and ill-paid employment, wage discrimination and lower pensions’.


(3) Of C 170, 05.06.2014, p. 23. For the record, the EESC’s Employers Group had drawn up a declaration on this opinion and had voted against this opinion.

(4) Eurostat.


In these circumstances, it is important to note the importance of the existing social shock absorbers in many EU countries, which have made it possible to avoid further tragedies during the crisis; however, these shock absorbers have their limits, and they cannot hold out in a situation of permanent social crisis. An economic recovery that creates jobs is therefore required, and a minimum income would become a tool to integrate/reintegrate people who have been excluded into the labour market. Moreover, countries with decent minimum income schemes are more able to absorb the negative impacts of the crisis and to reduce the inequalities that undermine social cohesion. There are encouraging signs of economic recovery but it is still fragile and it has been grounded on growing inequalities. The debate on the establishment of a decent minimum income in Europe is therefore highly relevant at this time.

EU texts and commitments – such as the Europe 2020 strategy adopted in June 2010, which sought to reduce the number of people at risk of poverty by 20 million (sic) – are yet to deliver the expected results. Given that applying the principle of subsidiarity, with the open method of coordination (OMC) as its only mechanism, has not delivered the expected results, this method needs to be complemented by an EU instrument. Decent minimum income schemes benefit not only those in need, but also society as a whole. Such schemes ensure that people who need them can continue to play an active part in society, helping them to reconnect with the world of work and enabling them to lead dignified lives. Decent minimum incomes are essential to achieving a more equal society, provide the real basis for social protection, and ensure social cohesion, which is beneficial to the whole of society.

Minimum income schemes represent only a small percentage of social expenditure, but provide a significant return on investment; meanwhile, non-investment has very negative consequences for individuals and entails high costs in the long term. They constitute a set of effective stimuli, since the money spent immediately goes back into the economy, often in sectors that are the hardest hit by the crisis. The interaction between minimum income and the minimum wage means that they also help to ensure decent wages and to prevent growing in-work poverty.

It is important not to confuse the concept of decent minimum income, as dealt with in this opinion, and that of a universal income paid to all members of a given community (municipality, region or state) with no means – or employment-related conditions. Moreover, even if most countries have minimum income schemes (\(^1\)), the extent to which they match people’s needs still has to be examined, since this still poses a problem in most cases. This is currently being worked on in France and Germany (\(^2\)).

A great deal of work has already been done on minimum income and a number of positions have already been expressed on this matter. By means of this opinion, the EESC insists on the importance of the concept of ‘decency’ (the minimum needed to live a dignified life, above the poverty threshold), drawing on the ILO’s concept of ‘decent work’ (\(^3\)).

It is also worth looking at the work done by the European Parliament’s Employment and Social Affairs Committee, the Council of the EU’s ‘Employment’ and ‘Social Protection’ committees, and the already significant contributions of networks such as the European Minimum Income Network (EMIN) (\(^4\)), and all the work of the European Anti-Poverty Network (EAPN) (\(^5\)), which the ETUC is also associated with. The work done by the ILO and the Council of Europe should also be mentioned here.

Most Member States have introduced minimum income schemes. The definitions, access conditions and levels of application vary hugely and should be both extended across the board and harmonised in the form of common criteria that would take account of the specific features of each country. To date, the Commission has supported the minimum income, and taken the view that it is up to the Member States to address this issue. The lack of significant results means that national policies and coordination need to be stepped up between now and 2020; in addition to this, more effective European instruments need to be established in order to achieve the objective set.

Some general remarks to conclude this introduction:

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(\(^1\)) See the MISSOC database: https://www.missoc.org-database/comparative-tables/results/.
(\(^2\)) Putting in place a minimum income is one element of the German coalition government’s programme, and it forms part of the plan to combat poverty that the French president presented in September 2018.
— the right to work must continue to be a fundamental right, as a central element of empowerment and economic independence;

— decent minimum income is essentially a temporary but indispensable approach whose objective is to integrate/reintegrate people into the labour market through active measures. It is a key measure for the credibility of the European Union;

— the adequacy and coverage of and access to minimum income remain major challenges for the Member States when it comes to developing their schemes. These schemes should be supported and, where necessary, complemented at European level.

3. Political will and technical solutions

3.1. The legal basis exists and must be used

3.1.1. Views differ as to whether the legal basis exists for legislating on a minimum income. However, it is obvious that the open method of coordination (OMC) has not delivered sufficient results to ensure an adequate minimum income in all EU countries, exacerbating inequalities between them – which is a big problem for the European Union’s credibility.

3.1.2. The question of a minimum income is highly political. This is a decision to be made at EU level, and the Commission cannot hide behind the principle of subsidiarity – misused in this case – to decide that it cannot do anything. A lack of initiative from the Commission would be unacceptable, and would make the EU project impossible for the public to understand, on a subject that affects dignity and human rights. The Committee therefore urges the Commission to take immediate action and step up a coordinated strategy between Member States at national and European levels in order to develop the minimum income, and design a binding EU instrument based on a common methodology for framing reference budgets that ensure a decent minimum income.

3.1.3. With reference to the Council of Europe’s European Social Charter of 1961, the 1989 Community Charter of the Fundamental Social Rights of Workers and the Charter of Fundamental Rights from 2000 (Article 34), it is quite clear that a minimum income is one of the European Union’s and Commission’s objectives, and thus that the Commission must take the initiative to supplement and harmonise the action of the Member States. This is all the more true given that, in point 14 of the proposed Social Pillar, the Commission clearly refers to ‘… the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services’.

3.1.4. The legal references in the Treaties are particularly important. These include: Article 3 TEU, which mentions full employment and social progress as being among the EU’s objectives, as well as combating social exclusion and discrimination and promoting economic, social and territorial cohesion and solidarity among Member States; Article 9 TFEU, which specifies that ‘in defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health’; and, more specifically, Article 151 TFEU, which opens Title X on social policy, and which lists ‘the promotion of employment, improved living and working conditions, so as to make possible their harmonisation while the improvement is being maintained, proper social protection, dialogue between management and labour, the development of human resources with a view to lasting high employment and the combating of exclusion’ as among the objectives of the EU and the Member States, objectives that the EU can achieve in that it (Article 153(1) TFEU) ‘shall support and complement the activities of the Member States in the following fields: … (c) social security and social protection of workers; … (h) the integration of persons excluded from the labour market; … (j) the combating of social exclusion; [and] (k) the modernisation of social protection systems …’.

3.1.5. We therefore also need to define who is entitled to benefit as a ‘worker’. The Committee should examine this concept in more detail, especially since EU law does not define a common concept of ‘worker’. It therefore needs to be ascertained what understanding of ‘worker’ underlies Article 153(1)(c) TFEU. In the meantime, it is safe to say that the decisive element in Article 153 TFEU is not the concept of ‘worker’ in the sense of the right to free movement, but rather the concept of ‘worker’ in the sense of a right to social security – which applies to all people entitled to benefits under systems covering all the risks listed in Regulation (EU) No 883/2004.
3.1.6. As the Committee has previously stated, 'Given the fact that poverty and social exclusion are feeding populist trends in many EU Member States, the EESC welcomes the conclusions of the European Council of 16 June 2016 on Combating Poverty and Social Exclusion: An integrated approach (12) and advocates the creation in the next financial perspective of an integrated European fund to combat poverty and social exclusion, based on experience to date of the implementation of the Fund for European Aid to the Most Deprived (FEAD) and the European Social Fund (ESF)" (13).

3.1.7. Political will means objectively evaluating the implementation of the Europe 2020 strategy – its successes and failures – as well as increasing the visibility of European measures to support and complement the action taken by Member States. This additional support could take the form of a European fund to finance the minimum income established under the legal framework.

3.1.8. The Commission must not hide behind the principle of subsidiarity. If Member States object to something on the grounds of subsidiarity, this is normally to avoid changing their national legislation following an EU measure. However, the Commission, as guardian of the general interest, cannot vaguely gesture to the principle of subsidiarity, since this would amount to self-censorship, which is all the more serious because this is a question of fundamental rights. In the absence of a draft legislative act from the Commission, Article 6 of Protocol No 2 on the application of the principles of subsidiarity and proportionality cannot take full effect. In addition to the Council, ‘Any national Parliament or any chamber of a national Parliament may, within eight weeks from the date of transmission of a draft legislative act, in the official languages of the Union, send to the Presidents of the European Parliament, the Council and the Commission a reasoned opinion stating why it considers that the draft in question does not comply with the principle of subsidiarity’. This democratic input, which can differ from the Council’s input, is stymied whenever discussions between the Commission and the Council block the adoption of a legislative act.

3.1.9. Finally, referring to the European Pillar of Social Rights (whose principles are wholly endorsed by the EESC) cannot be an argument against adopting a binding European instrument on this subject, particularly since there is an indisputable legal basis in the Treaty. The European Pillar of Social Rights is a declaration by all the EU institutions that aims ‘to serve as a guide towards … social outcomes’ (14). The Pillar must therefore be treated as the foundation for proposed measures and legislation, as the Commission has started to do. Furthermore, the wording of point 14 of the Pillar – ‘Everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services’ – cannot in any way be interpreted restrictively. Indeed, such an interpretation would run counter to recital 6 of the Pillar, which points out that the TFEU ‘contains provisions laying down the powers of the Union relating inter alia to … social policy (Articles 151 to 161)’. Moreover, as regards the EU’s legislative powers, the Commission working document accompanying the communication on the European Pillar of Social Rights refers to the Treaty article on the integration of persons excluded from the labour market.

3.1.10. The Economic and Social Committee, which fully endorses the principles set out in the Social Pillar, considers that the adoption of a binding European instrument for the establishment of a decent minimum income at European level would place the solemn declarations – which have all, since the Charter of Fundamental Social Rights, invoked the need to fight social exclusion – on a firm footing. It would also send a message that Europe in the 21st century cannot be built without paying attention to the lives of European citizens.

3.2. Essential technical solutions

3.2.1. From the technical point of view, it would be necessary to define the conditions for access to the GMI (guaranteed minimum income). The GMI should be set by taking into account in particular the following factors:

— the link between the GMI and the activation condition,

— the impact of household composition, given the importance of the “child factor” in poverty,

— other resources, for example heritage,

— GMI components in cash and in kind, e.g. through access to health care, housing, mobility, family support and utilities.

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(14) Recital 12 of the EPSR.
3.2.2. A minimum income must fit into a comprehensive approach to people's various needs that is not limited to mere subsistence or to a poverty rate calculated from the median income and which in reality does not, in certain countries, reflect essential needs. It must therefore incorporate all needs in terms of standard of living, housing, education, health and culture so that people who are excluded from the labour market and trapped in poverty are given the best conditions for integration/reintegration. There is a debate on conditions of access which will have to be clarified.

3.2.3. This approach is based on the work of economists such as Amartya Sen, and on what he terms "capabilities", which comprise three elements:

- **Health/life expectancy** – Recent studies have shown that people living in poverty economise on healthcare, particularly dental care. They have an unhealthy lifestyle, eat less well, and therefore experience more obesity-related problems. There are significant differences in life expectancy between rich and poor. The arduousness of work should also be taken into account.

- **Knowledge/education level** – The statistics clearly show the relationship between the level of unemployment and different levels of education. According to Eurostat data from 2015, 11% of Europeans aged 18-24 left school prematurely.

- **Standard of living** – This involves including all elements of quality of life in a purchasing power calculation, not just essential food supplies. Mobility and access to culture are important elements of integration/inclusion in terms of relationships with other people and socialisation – i.e. ways to avoid trapping poor people in isolation that becomes a vicious circle of desocialisation.

3.2.4. Acting pragmatically and flexibly, we must create the instruments for calculating an adequate minimum income. A common methodology should be established for calculating a reference budget and adapting that reference budget for each country. A significant amount of work has already been done, particularly by the Centre for Social Policy at the University of Antwerp and by the EAPN and EMIN. These reference budgets need to both allow for comparison between Member States and be flexibly implemented depending on conditions in each country. They must not only include the ‘food basket’ but also healthcare and personal care, education, housing, clothing, mobility, security, leisure, social relations and child safety, and the ten areas identified for the common methodology as part of the project on reference budgets. One of the merits of these reference budgets – which are strongly promoted by researchers as well as by NGOs such as the EAPN and EMIN – is that they are useful when it comes to testing the validity of the poverty indicators that have hitherto been used to set poverty thresholds.

3.2.5. It is also important to assess how establishing a minimum income could result in a streamlining of social assistance in certain countries. This is the approach underpinning, for example, the proposal for a ‘universal activity income’ as part of the plan to combat poverty presented by the French president, which aims to ‘ensure a basic level of dignity for all those who might benefit from it’ by ‘bundling a large number of social benefits’. Similarly, in Germany, the debate on introducing a minimum solidarity income could enable poverty to be tackled, especially for the long-term unemployed, by simplifying the benefits system. The government has already earmarked a budget of EUR 4 billion, running until 2021.


The President

of the European Economic and Social Committee

 Luca JAHIER
The following amendment, which received at least a quarter of the votes cast, was rejected in the course of the debate (Rule 39(2) of the Rules of Procedure):

Replace the title and the whole opinion with the following text (justification at the end of the document):

**A European Framework on a Minimum Income**

**Conclusions and proposals**

The EESC has been an active contributor in the European debate on reduction of poverty. Notably the idea of a European level minimum income has been much debated in some of the previous opinions of the EESC, as well as in the opinion of the Section for Employment, Social Affairs and Citizenship ‘For a European Framework Directive on Minimum Income’. The EESC is convinced that it is necessary to continue the fight against poverty. There are, however, strongly diverging views about the choice of the right instruments. While sincerely appreciating the compromise-seeking efforts of the Rapporteur, his vision of a binding instrument for a minimum income at European level cannot be shared.

This counter-opinion aims at presenting a constructive and comprehensive approach to reduce poverty in Member States. It is based on the fact that the principle of subsidiarity and the division of responsibilities as enshrined in the Treaties of the EU clearly define the Member States as sole actors in designing social security systems. Hence, European level actions should be based on the Open Method of Coordination being the main method to support Member States and a mutual learning of the best national approaches. This counter-opinion suggests a comprehensive approach aiming at maximising the scope of EU level actions in this regard.

Fighting against poverty should be a shared commitment of the European Union and Member States. According to the Joint Employment Report 2019, the household incomes continue to rise in almost all Member States. The total number of people at risk of poverty or social exclusion, at 113 million people or 22.5 % of total population, even if it is now below the pre-crisis levels, is unacceptable and in the longer run unaffordable. The current economic upswing provides an opportunity for stepping up reforms aiming at improving inclusiveness, resilience and fairness of labour markets and social protection systems. However, there are also downside risks to the recovery, which make it urgent for the Member States to seize this opportunity.

While the Europe 2020 strategy to reduce the number of people at risk of poverty has brought up positive results, especially on the back of robust economic and labour market recovery, more needs to be done to sustain the positive trend.

This counter opinion recommends the following elements:

1. The focus of EU and Member State policies should be in continuing their reform efforts and creating favourable conditions for job creation. This is the basis of all actions also to reduce poverty. In the second quarter of 2018, 239 million persons were in employment in the EU, the highest level since beginning of the century. With the current trend the EU is well on track to reach the Europe 2020 target of a 75 % employment rate in 2020. This positive trend should also contribute to achieving the Europe 2020 target of alleviating poverty. Sound economic policies together with continuous structural reforms notably in labour markets and social protection systems in Member States are the prerequisite for sustainable economic growth, employment and wellbeing of people.

2. On top of the key role of sound economic and labour market policies in fight against poverty an integrated approach with a targeted policy mix is needed. Minimum income plays an important role in this approach but it should be seen against the backdrop of integrated employment policies and services, notably social and health services as well as housing policies. In fact, in all EU countries, minimum income support has been transformed from a mere economic support to an active measure intended to accompany the beneficiaries in moving from social exclusion to active life. As such, it should be seen as a temporary solution supporting individuals in a transition period as long as they are in need. This kind of inclusive integration based on activation policies is a step in the right direction.
3. In the light of the subsidiarity principle, the best level at which to tackle minimum income and implement measures aimed at reducing poverty is the national level. In line with this, all EU countries have introduced minimum income mechanisms according to their national practices and economic performance. The definitions, conditions and levels of application in Member States are different, for obvious reasons.

4. There is scope for EU level action to support the Member States in their endeavours. The EESC recommends a pragmatic approach, which respects the principle of subsidiarity while maximizing the effect of European level activities in support of and guidance for developing minimum income systems in Member States. The European Union and notably the European Commission should play a more active part by supporting the efforts of Member States. Therefore, there is a need for developing within the European Semester a coordinated strategy at national and European level focusing on broad actions and specific measures, taking into account the role of national reference budgets.

The way in which Member States meet the objectives of poverty reduction should be subject to the follow-up in the framework of the European Semester, which presupposes greater coordination. Progress could be supported and monitored via jointly agreed indicators/benchmarks. The Employment Committee (EMCO) and the Social Protection Committee (SPC) are in the process of reinforcing the role of benchmarks, and a specific benchmark on minimum incomes already exists in the Social Protection Committee. This is the right vehicle to achieve progress.

5. In the light of 'the Declaration on a new start on a stronger social dialogue', signed by the European Social Partners 26-27 January 2016, the role and capacity of the social partners – as the main actors at the labour markets – should continue to be strengthened both at European and national level in the policy-making and structural reform process. There is also a role for the civil society organisations to contribute to this process creating a Europe closer to its citizens.

6. Finally, the approach of this counter-opinion is in line with the European Pillar of Social Rights which 'should be implemented at both Union level and Member State level within their respective competences, taking due account of different socio-economic environments and the diversity of national systems, including the role of social partners, and in accordance with the principles of subsidiarity and proportionality' (1).

Outcome of the vote:

In favour: 92
Against: 142
Abstentions: 8

(1) Interinstitutional Proclamation on the European Pillar of Social Rights: Preamble (17).
Opinion of the European Economic and Social Committee on ‘Promoting healthy and sustainable diets in the EU’

(own-initiative opinion)

(2019/C 190/02)

Rapporteur: Peter SCHMIDT

1. Conclusions and recommendations

1.1. The EESC opinion on ‘A comprehensive EU food policy’, adopted in December 2017, advocated for a more integrated approach to food in the EU. Healthy and sustainable diets represent a key ‘pillar’ of such a food policy, as we urgently need to orient our diets to improve – not damage – the health of both ecosystems and the public and the vitality of rural territories.

1.2. The time is ripe to accelerate a paradigm shift, and the evidence is strong and increasing. The EESC highlights that there is now political momentum in policies such as the UN Decade of Action on Nutrition, the implementation of the UN Sustainable Development Goals, the Paris Agreement on Climate Change and the new proposals on the future of the Common Agricultural Policy. There is also growing scientific evidence of the urgent need to transform Europe’s and global food systems, for example in reports from the IPCC, the EAT-Lancet Commission, the Committee on World Food Security and the InterAcademies Partnership 

1.3. The EESC acknowledges and supports the existing initiatives by the Commission to promote healthy and sustainable diets, for example the inclusion of provisions in the latest CAP reform proposal to improve the response of EU agriculture to societal demands on food and health including safe, nutritious and sustainable food, food waste and animal welfare 

(2) https://www.c40.org/.
(3) COM(2017) 713 final.
1.4. The complexity of the food-health-environment-society nexus requires a more comprehensive approach on diets, not just related to consumers’ behaviour. To provide cohesion and shared purpose, the EESC calls for the development of new Sustainable Dietary Guidelines, which take into account cultural and geographical differences between and within Member States. Simply reducing the use of resources in production and changing ingredients does not translate into better or healthier diets.

1.5. New Sustainable Dietary Guidelines would help create clearer direction for farms, processors, retailers and foodservice. The agri-food system would benefit from a new ‘framework’ to produce, process, distribute and sell healthier and more sustainable food with a fairer price.

1.6. The EESC calls for the creation of an Expert Group to formulate Europe-wide sustainable dietary guidelines within two years. This should include relevant professional and scientific bodies from nutrition, public health, food, environmental and social sciences. The EESC stands ready to contribute to the work of such an Expert Group to provide the input of civil society organisations, particularly through its Temporary Study Group on Sustainable Food Systems.

1.7. The EESC reiterates the importance of investing in education on sustainable diets from an early age, to help young people appreciate the ‘value of food’. Special attention must be paid to vulnerable groups, especially people on low incomes.

1.8. The EESC highlights that a common European food labelling approach reflecting the Sustainable Dietary Guidelines would improve transparency and discourage the use of unnecessarily cheap raw materials that are both unhealthy and unsustainable (e.g. trans fats, palm oil and excess sugars). Consumers would benefit from extension to food labelling, to include environmental and social aspects. This would help drive consumers’ choices towards healthier and more sustainable options.

1.9. Besides helping the commercial sector, Sustainable Dietary Guidelines would also provide common, clear criteria for use in public procurement. Europe needs food to be at the heart of a Green Public Procurement (GPP). In this context, the EESC calls for the revision of EU GPP criteria for food and catering services to be urgently adopted.

1.10. Competition law should not be an obstacle to developing Sustainable Dietary Guidelines. Rules should be adapted to help the local economy rather than hinder sustainability. To ensure a better distribution of the added value for the stakeholders across the food supply chain, the EESC welcomes the possibility introduced for all sectors by the 2013 reform of the CMO Regulation, which allows inter-branch organisations to notify their agreements to increase the sustainability standards of products to the European Commission for clearance under the competition rules. Products which are produced in a more sustainable manner in terms of environmental, animal health and quality standards, might enable operators in the food supply chain to obtain better prices. Pre-notification talks with the Commission can help inter-branch organisations to shape any possible future notification.

1.11. The EESC underlines that the full range of public governance tools should be considered as policy instruments to discourage the production and consumption of unhealthy foodstuffs and to promote healthy eating habits. The externalised costs of unsustainable diets are a ‘hidden’ burden on society, economy and the environment which must be reduced or internalised. The EESC calls for proper policy strategies to implement sustainable dietary guidelines, especially focusing on the co-benefits for farmers and businesses.

1.12. Europe champions the consumer right to accurate information. If we want healthy and sustainable food choices to be the norm and the easiest choice, Europe requires an open, evidence-based set of criteria, such as via agreed Sustainable Dietary Guidelines.

2. Introduction

2.1. In its own-initiative opinion on ‘Civil society’s contribution to the development of a comprehensive food policy in the EU’ adopted in December 2017 (NAT/711), the EESC called 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 (4). 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. This own-initiative opinion aims to tackle healthy and sustainable diets as one of the key pillars of a comprehensive EU food policy.

2.2. The political momentum to discuss healthy and sustainable diets is high:

— According to the latest State of Food Insecurity in the World (SOFI) report (5) presented in October 2018 at the Committee on World Food Security, there has been a rise in world hunger for the third year in a row. The absolute number of undernourished people increased to nearly 821 million in 2017, from around 804 million in 2016. Adult obesity is also worsening. More than 1 in 8 adults, or more than 672 million, in the world are obese. The global pandemic of obesity is happening at huge economic costs—nearly 3% of global GDP, equivalent to the costs of smoking and to the consequences of armed conflicts. Even in Europe, half of the population is overweight and 20% suffers from obesity.

— The UN has declared this to be the Decade of Action for Nutrition, acknowledging the need to re-shape 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 (6). The FAO and the World Health Organisation are currently working on a new definition of healthy and sustainable diets, and planning an international consultation in March 2019 to analyse the multi-dimensional nature of the sustainability of diets.

— Nutrition has a central role in achieving sustainable development and the entire 2030 Agenda, in particular to ensure access by all people to safe, nutritious and sufficient food all year round and to end all forms of malnutrition by 2030 (Goal 2) as well as to ensure healthy lives and promote well-being for all at all ages (Goal 3). The implementation of the SDGs therefore offers an opportunity to change food consumption and production patterns in a more sustainable and healthy way.

— Achieving the objectives of the Paris agreement on climate change also requires a profound transformation of the food system, and the special IPCC report adopted in October 2018 scientifically confirmed the need for urgent climate action (7).

— At EU level, the reform of the CAP represents an opportunity to promote more sustainable production and healthy diets, if it makes nutritious products such as fruit, vegetables and dairy products easily available for EU citizens.

— The Committee of the Regions has also recently adopted an opinion on ‘Local and regional incentives to promote healthy and sustainable diets’ (8).

— The International Panel of Experts on Sustainable Food Systems (IPES-Food) will shortly present its report on a ‘Common Food Policy’ in the EU, which will also include concrete recommendations on healthy and sustainable diets.

2.3. City governments (and territorial communities) are emerging as key actors in fostering more sustainable food systems. Through integrated, cross-departmental action, cities are bringing together various stakeholders to design food policies that address pressing food-related problems (such as food insecurity and obesity), but at the same time help resolve wider issues, including environmental challenges, social inequalities and poverty. The Milan Urban Food Policy Pact, signed by over 180 cities worldwide and covering 450 million inhabitants (9), is an important milestone in this context.

(6) HLPE. 2017. Nutrition and food systems.
(8) CoR Opinion Factsheet, Local and regional incentives to promote healthy and sustainable diets.
(9) http://www.milanurbanfoodpolicypact.org/.
2.4. In addition to the political momentum, there is also the growing scientific and societal urgency of addressing this issue, as further explained in chapter 3.

3. **Impacts of unhealthy and unsustainable diets**

3.1. Dietary choice has many impacts, both good and harmful. Europeans need support to reduce the harmful impacts from diet and to gain the positive aspects. The old idea of simply aiming for enough food supply is no longer an adequate policy. We need to consider how food is produced and consumed and what its long-term as well as immediate impacts are. How European consumers eat has unintended consequences in pollution (e.g. single-use plastic packaging), climate, health, biodiversity and more. These impacts undermine the future and require changes in how we eat and consume. Food supply chains, from farm to restaurant, need to receive different policy signals. Science has begun to redefine what a good diet is for the 21st century: sustainable diets from sustainable food systems. Policy now needs to address this challenge.

3.2. **Diet’s public health impact**

Poor diets are Europe’s main causes of premature death and preventable disease. Health is the Member States’ responsibility, and the European Commission mainly facilitates data and information exchange. Nevertheless, the EU has the potential to improve consumers’ understanding of the importance of consuming a sustainable diet for health. 550 000 people of working age die prematurely in the EU annually from non-communicable diseases (NCDs). NCDs have overtaken communicable disease as the cause of premature death globally. NCDs now account for most healthcare expenses in Member States, costing EU economies EUR 115 billion, or 0.8% of GDP annually, according to the OECD (10). A major threat to future public health is the spread of antimicrobial resistance (AMR) (11). Although the Commission and WHO European Region have taken good and strong stands on AMR, more effort needs to be made to cut antimicrobial use on EU farms, and to prevent importation of meats from third countries which have prophylactic antibiotic use.

3.3. **Diet’s societal impact**

Diet is both a key indicator of social inequalities, and a driver of them. People on low incomes in Europe eat worse diets, and experience worse and earlier diet-related ill-health. Low income areas have less purchasing power than more affluent ones. People on low incomes eat more restricted diets, and consume less fruit and vegetables. Fatty, salty, sugary and ‘ultra-processed’ food products feature more highly in their diets, simply because they are cheaper.

3.4. **Diet’s cultural and psychological impact**

Europe is famous for its diverse and rich culinary traditions. Although the EU has done much to protect foods of special and local interest through the Protected Designation of Origin (PDO), Protected Geographical Indication (PGI), and Traditional Speciality Guaranteed (TSG) schemes (12), there is slow integration of foods, as processors scale up production to lower costs and find new markets. Europe needs a renewed effort to rebuild and diversify our food cultures – not to seal them up behind walls, but to build diversity to enable resilience. More diverse diets increase the range of nutrients and tastes.

3.5. **Diet’s environmental impact**

Food production and consumption have a significant environmental impact in terms of resource use at global level – however in the EU this is much lower. The system of agriculture and food production has a major impact on the environment (e.g. GHG,

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biodiversity, water, soil). Europe can lower the impact of unnecessarily processed food systems by encouraging simple nutrient rather than energy-dense diets. Food systems can be the source of restoration and enhanced resilience, if food is grown, processed and consumed differently (13). This almost certainly means feeding cattle less grain, and consumers eating less meat. This has both climate and health gains (16). We have to promote more sustainable farming systems and notice for example the positive environmental impacts of grasslands (increased biodiversity, carbon sequestration). This would also encourage the consumers towards healthy, balanced and sustainable diets.

3.6. Diet’s economic impact

Europe’s success is that 530 million Europeans are fed annually but now we need that system to be more sustainable. Many economists are critical of the Common Agricultural Policy subsidies, which represent a big part of the EU budget. The counterargument is that subsidies keep Europe’s farmers in existence. Their costs have grown but the percentage of gross value added (GVA) farmers receive is low. Most food GVA is made off the land, not from the land. Food is one of the EU’s biggest economic sectors. EU Food manufacturing, for example, employs 4.2 million workers and has a turnover of GBP 1 089 bn (18). Consumers have benefited from a long-term drop in food costs, as a proportion of domestic expenditure. But the full costs are not necessarily included in this drop in costs. A 2017 study of the UK food system showed that, while UK consumers spend GBP 120 bn a year directly on food, this has an additional cost to other ‘budget headings’ of the real economy of the same amount, including GBP 30 bn for degradation of land and GBP 40 bn for health (19). Studies such as this suggest the need for ‘true cost accounting’, an approach being championed by the UN’s Environmental Programme (19).

4. Policies and tools to foster healthy and sustainable diets

4.1. Supporting better nutrition and healthier diets is an urgent imperative in Europe, and opportunities to promote nutrition through better food systems should be further explored (19). A transition to food systems that deliver nutritious food for healthy diets would require policy changes both on the supply and the demand side. On the supply side, food production and the way food is processed (e.g. through food reformulation), distributed and made available to consumers are crucial factors in determining the accessibility and affordability of food that promotes healthier dietary patterns. On the demand side, public policies should empower consumers to choose healthier diets, e.g. through education in schools and awareness raising campaigns, dietary guidelines, labelling, public procurement, etc. Strategies and policies to enhance the supply and demand for nutritious food are interconnected and interdependent. A comprehensive, multi-sectoral and multi-level approach should therefore be adopted, involving all relevant institutions, civil society and stakeholders across the food system.

4.2. Part of the problem is also that, so far, many food industry decisions have been made on the basis of short-term economic reasons, which has sometimes misdirected production and processing towards the growing and using of unhealthy ingredients (e.g. palm oil, trans fats, excess sugar and excess salt). A sustainability approach implies looking not only at the economic, but also at the social and environmental impacts. Such an approach must have a long-term perspective and develop conditions for shorter and territorial food supply chains. For this reason, it is also important to promote a new ‘framework’ for the food industry, including SMEs, to produce, process, distribute and sell healthier and more sustainable food. For example, EU measures should make it easier for producers to produce, process, distribute and sell healthier and more sustainable food. For example, EU measures should make it easier for producers to produce, process, distribute and make available to consumers are crucial factors in determining the accessibility and affordability of food that promotes healthier dietary patterns. On the demand side, public policies should empower consumers to choose healthier diets, e.g. through education in schools and awareness raising campaigns, dietary guidelines, labelling, public procurement, etc. Strategies and policies to enhance the supply and demand for nutritious food are interconnected and interdependent. A comprehensive, multi-sectoral and multi-level approach should therefore be adopted, involving all relevant institutions, civil society and stakeholders across the food system.

4.3. Several EU policies and initiatives already exist that are aiming to foster healthy diets, for example Commission initiatives such as the EU Platform on Diet, Physical Activity and Health, regulatory measures on food information to consumers and nutrition and health claims, the 2017 White Paper on Obesity, the EU Action Plan on Childhood Obesity 2001-2020, certain provisions in the new CAP proposal (e.g. to ‘improve the response of EU agriculture to societal demands on food and health including safe, nutritious and sustainable food, food waste and animal welfare’), the EU School Fruit, Vegetable and Milk Scheme, etc. However, a coordinated approach is missing. New EU Sustainable Dietary Guidelines would provide that coherence and a ‘multi-criteria’ framework for Member States to develop their national guidelines, as further outlined below.

5. Sustainable dietary guidelines

5.1. As evidence about diet’s impact on health, environment and economy has grown, there has been growing interest in developing what are termed ‘sustainable dietary guidelines’. Almost all nation states have official nutrition or food-based dietary guidelines. These are familiar as advice to eat less salt, eat a number of ‘portions’ of fruit and vegetables, to consume certain amounts of fish, and other guidelines. Given the strong evidence on food’s environmental impact, it now seems logical to include wider criteria in dietary advice – hence the growing calls for ‘sustainable dietary guidelines’ (20).

5.2. EU Member States have already begun to develop different forms of sustainable dietary guidelines (21). Some of these have emerged from their health and nutrition expert bodies (22) (23), others have been collaborative between ministries and agencies (24), and some have been led by civil society and industry (25). This diversity has been useful in experimenting, but it now needs to be given a clear, coherent, common framework, if consumers are to benefit within the Single Market. When Sustainable Dietary Guidelines and related measures are implemented, there is a need to ensure that they are effectively controlled.

5.3. An Expert Group should be created to formulate Europe-wide sustainable dietary guidelines. This should include relevant professional and scientific bodies from nutrition, public health, food, environmental and social sciences. The Expert Group would formulate guidelines within two years which provide consumers with clear advice on sustainable diet, drawing upon research and data provided by the Joint Research Centre, Food 2030, SCAR and others. These guidelines would be available for Member States to use at the national level, for instance, in healthcare services and institutions of public policy and, at the EU level, to help develop clear integrated frameworks for the food supply chain. The guidelines would help deliver broad EU aims such its support for the Sustainable Development Goals, the Paris Climate Change Agreement and other sustainability commitments and programmes such as FOOD2030 (26). The Expert Group should include key bodies such as the Federation of European Nutrition Societies (FENS), IPES-Food, the European Public Health Association, (EUPHA) and the European Ecological Federation, together with input from expert scientific sources such as SCAR, and with support from DG Agriculture, DG Environment, DG SANTE, the European Food Safety Authority, the European Environment Agency and the Standing Committee on Agricultural and Bioeconomy (SCAR). The EESC stands ready to contribute to the work of such an Expert Group to provide the input of civil society organisations, particularly through its Temporary Study Group on Sustainable Food Systems.

6. Sustainable food labelling schemes

6.1. Sustainable Dietary Guidelines should also be the basis for broader food labelling, which is readable and would improve transparency and discourage the use of unnecessarily cheap raw materials that are both unhealthy and unsustainable (e.g. trans fats, palm oil and excess sugar). Consumers would benefit from extension to food labelling, including of the EU quality logo system (PGI, PDO, TSG), to encompass environmental, social as well as health and nutritional aspects.

6.2. Policies have focused on nutrition and other health claims, but the EESC notes rising concerns about the lack of consumer information and education on the environmental and social impact of food. Implementing a clear labelling system on the origin, means of production and nutritional value of food would facilitate consumers’ choices. Traceability is also very important both for food producers and for consumers, to ensure food safety. The EESC therefore reiterates its call for the development of a new smart system on sustainable food labelling, which should be harmonised at EU level. This should be also based on new traceability and certification processes, and will be further developed in the future work of the EESC Temporary Study Group on Sustainable Food Systems. More emphasis on technologies like mobile apps, and consumer displays in the retail sector, providing all the required information and full traceability should also be promoted.

7. **Public procurement**

7.1. Through public procurement, local authorities would be able gradually to apply sustainable diet guidelines in a wide range of public institutions, especially schools and hospitals. The production, sale and consumption of healthy, local and seasonal foodstuffs that ensure sustainability would contribute to Goal 12.7 – sustainable public procurement – of the 2030 Agenda. Local producers should be favoured in public procurement procedures in order to promote healthy diets and the development of the local economy.

7.2. Several initiatives already exist to promote sustainable food procurement, which shows the increasing interest and involvement by civil society and local authorities in this issue. For example, ICLEI – Local Governments for Sustainability is currently promoting an initiative to push for mandatory, progressive sustainable food procurement in all European schools and kindergartens, with 20% organic food by 2022 as an initial target.

7.3. The EESC acknowledges the current work being undertaken by the Commission’s Joint Research Centre to revise the EU Green Public Procurement (GPP) criteria for food and catering services. The Committee calls for explicit and more ambitious food sustainability criteria to be included in GPP and for regulatory obstacles to be removed, particularly as far as competition rules are concerned.

8. **Competition rules**

8.1. Competition law is sometimes presented as an obstacle to producing and distributing sustainable and healthy food. Consultations with the Commission’s DG Competition should encourage both clarification and adaptation to exiting rules so that European food supply chains achieve better conditions and accelerate their transition to sustainability.

8.2. Article 101 Treaty on the Functioning of the European Union (TFEU) prohibits agreements between two or more independent market operators which restrict competition. These cover in particular price fixing arrangements. Under Article 101(3) TFEU agreements are exempted from the prohibition in Article 101(1) if they generate objective economic benefits that outweigh the negative effects of a restriction of competition, e.g. by contributing to improving the production or distribution of goods, while allowing consumers a fair share of the resulting benefit.

8.3. Recognised Interbranch Organisations (IBO) can, by fulfilling certain conditions, rely on a derogation from Article 101(1) TFEU. They have the possibility of notifying their agreements to the Commission according to Article 210 of Regulation (EU) No 1308/2013 (CMO Regulation) and if the Commission does not find them incompatible with Union rules, within two months after having received a complete notification, Article 101(1) TFEU does not apply. The agreements may not entail price or quota fixing or lead to market partitioning or create other competition distortions. Using the possibilities which the CMO Regulation offers might allow inter-branch organisations to find agreements increasing the sustainability standards.

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\(^{(27)}\) OJ C 303, 19.8.2016, p. 64.


9. Information and awareness raising

9.1. 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 (31).

9.2. It is also necessary to invest more in food education in schools as well as vocational training.

9.3. The EESC calls again for EU-wide visual advertising campaigns for healthier food and diets (32), taking inspiration from the positive social advertising campaigns on some TV channels targeted at children, e.g. encouraging more balanced diets. More effective controls should be introduced on the marketing of foods high in saturated fats, trans fats, free sugars and/or salt (HFSS) being targeted at children, not just during children’s TV peak viewing times, but also through social media and other commercial routes which shape children’s food tastes (33) (34).


The President
of the European Economic and Social Committee
Luca JAHIER

Opinion of the European Economic and Social Committee on 'The digital revolution in view of citizens' needs and rights'  

(own-initiative opinion)  

(2019/C 190/03)  

Rapporteur: Ulrich SAMM  

1. Conclusions and recommendations  

1.1. The current digital revolution has the potential to fundamentally change society, the economy and the workplace and provide long-term benefits for both economic growth and quality of life with an impact on all sectors, changing the way we live, work and communicate. The EESC has clearly expressed its view that the transformation – made by humans – should benefit everyone. The EESC therefore welcomes all political and civil society actions that help European citizens. This opinion primarily addresses citizens' needs and concerns, be it as employees, employers or as consumers in general, and identifies areas where the involvement of civil society is key. Only by proactively shaping the digital transition will we make it a success story.  

1.2. The progress of digitalisation, in particular when new digital products and services are introduced, can be very fast (as in the case of mobile/smartphones) or it can be slow in certain areas, where the public and society in general do not accept the technology without question, as is the case when human autonomy, responsibility, security, dignity and privacy are affected.  

1.3. Digitalisation offers a wealth of new possibilities allowing people to make choices for a better life in an unprecedented way. On the other hand, the more digitalisation dominates our life, the more we can also be manipulated. This can undermine our autonomy in areas such as driving cars, choosing food, taking care of our health, heating our homes, smoking, drinking, managing our finances and many more. The EESC calls for transparent rules to be developed, adapted and applied to these rapidly evolving technologies. Good persuasive technology should involve training, not manipulation, and comply with the principle of people's free choice, to guarantee human autonomy.
1.4. The EESC has a clear view on the question of the extent to which it is ethically acceptable to delegate making choices (with moral implications) to systems based on AI: automated systems, regardless of how complex they are, have to operate according to the human-in-command principle. Only humans make the final decision and take responsibility for it.

1.5. With more home automation, a range of entry points for hackers is evolving. There is a need to inform consumers about these risks and provide support for security measures, in particular when hackers try to take over control of smart devices. The EESC calls on the EU to revisit existing security regulations and to develop and adapt strict security rules for new evolving technologies for the protection of citizens in their homes.

1.6. The EESC welcomes the approach of improving road safety by introducing more digital technology in cars, but also expresses worries about the slow pace of these improvements. To accelerate the transition to more automatic driving, the EESC calls for the development of EU-incentives to address the demanding costs (need to buy new cars) and the insufficient acceptance of assistance systems (complexity, lack of training). The EESC believes that a European strategy must be developed to adapt and modify our road system so that fully autonomous vehicles with 100 % safety can become a success.

1.7. The EESC calls for the GDPR to be adapted and overhauled in view of the fast-changing digital technology. New facial recognition technologies, in particular, are a threat to our privacy. As this technology becomes cheaper and easily accessible to all, it could ultimately lead to a situation where it is no longer possible to walk down the street or go shopping anonymously. The threat to privacy and autonomy is even greater when these technologies are used for profiling or scoring. The EESC insists that people should have the right to be private in public spaces too. The EESC urges the Commission to regularly revise the GDPR and related regulations depending on how fast these technologies change.

1.8. The individual consumer, who does not have professional digital skills, needs strong support in using complex digital systems, be they home appliances or digital platforms. User manuals can be very long and permission to use certain data is often given unwittingly. The EESC is convinced that transparency is not sufficient: simplification and standardised procedures across the EU are therefore needed to help the consumer.

1.9. Digital platforms can easily track their users with simple tools. This means that for the protection of privacy, the GDPR is insufficient when data is purposely misused without people's knowledge. The EESC is convinced that privacy can only be guaranteed by additionally restricting access to sensitive data to only a limited number of certified people. Security measures must be developed to the highest, most trustworthy standards, including regular verification by independent EU bodies.

1.10. The EESC is worried that surveillance systems based on biometrics can result in misclassification and stigmatisation, by automatically putting someone in a certain category, such as that of terrorist, criminal or unreliable individual. Systems that automatically identify and classify people as suspicious should never work without close human interaction and thorough verification.

1.11. The use of robotics in the healthcare sector is anticipated. But robots are devices that are unable to replicate the empathic capacities and reciprocity of human care relationships. If not used under certain framework conditions, robots can undermine human dignity. Care robots, therefore, should only be used for care tasks requiring no emotional, intimate or personal involvement.

1.12. The EESC recommends, whenever new automation systems are planned in industry, commerce and service sector, using objective scientific methods to optimise and evaluate human-machine interaction. The scientific methods of cognitive ergonomics make it possible to objectively assess mental demands while dealing with new technical assistance systems. It combines different research disciplines, such as psychology and ergonomics, to evaluate user interfaces. The EESC is convinced that only with human centred design will digitalisation be successful in the long term.
1.13. The EESC calls for assessing the differences in regional developments and the scale of possible social inequalities and its possible effects on the EU’s integrity caused by an uneven access to new digital technologies and a skills gap.

2. **Introduction**

2.1. The EESC welcomed in previous opinions (1) the fact that the European Commission has established a Digital Europe programme, which underscores the intention to make Europe a leading player in digitalisation and to increase its economic strength and competitiveness on the world stage, enabling a digital single market to come into being and shaping the digital transformation in a positive way for all citizens of Europe.

2.2. The current digital revolution has changed society and will do so even more in the future. These changes affect the economy and the workplace, providing long-term benefits for both economic growth and quality of life with an impact on all sectors, changing the way we live, work and communicate. The EESC has clearly expressed its view (2) that the transformation – made by humans – should benefit everyone. The EESC therefore welcomes all political and civil society actions that help European citizens. This opinion focuses primarily on the needs and concerns of citizens, whether as employees, employers or as consumers in general. It identifies areas where civil society involvement is key to proactively shaping the digital transition and making it a success story.

2.3. The progress of digitalisation, in particular when new digital products and services are introduced, can be very fast (as in the case of mobile/smartphones) or it can be slow in certain areas, where the public and society in general do not accept the technology without question, as it is the case when human autonomy, responsibility, security, dignity and privacy are affected. The analysis in this opinion is partly based on a publication by Royakkers et al., Ethics Inf Technol (2018).

2.4. The development of new digital applications is being promoted by many enthusiasts in industry, laboratories and universities, not only, as many people believe, by internet giants such as Google, Apple, Facebook, Amazon or Microsoft. This enthusiasm is shared by many in society; however, there is also a significant minority of people who are sceptical or anxious, either because of threats to their privacy, autonomy, security etc., or perhaps owing to a lack of knowledge and a basic fear of the future. The digital transition is not driven only by technology. People’s and society’s needs and desires, as well as their rights, should have a decisive impact on further technological development. For a successful digital transition, involving people in design and decision-making processes is a clear challenge for all, and for civil society in particular. This also means that access to secure and affordable internet connections should be guaranteed so that we avoid discrimination and exclusion.

3. **The speed of the digital transition**

3.1. The digital revolution is the shift from mechanical and analogue electronic technology to digital electronics, which took place somewhere between the late 1950s and the late 1970s, with the adoption and proliferation of digital mainframe computers and personal computers. During the 1980s, digital technology became widespread in many areas. Tablet and smartphone use is now on the way to outstripping personal computer use.

3.2. Starting in 1991, the accessibility of the worldwide web for the public provided a new infrastructure that made it possible to connect digital devices, creating new functions going far beyond the features of a single digital device alone. The combination of these technologies has fundamentally transformed the way we communicate, the way we work and the way we do business. Digital platforms have given rise to radically new ways of doing things – Airbnb, Uber and Amazon, to name just a few examples, have in the space of a few years become major economic players.

3.3. It seems there are no limits to further digitalisation. The increasing use of smart sensors makes it possible to read and process data (location, movement, environmental data, biological data, chemical data) relating to any kind of object (Internet of Things). There is virtually no limit to the number of sensors, so it is theoretically possible to generate a digital map of our whole physical environment. In the future, fast broadband (5G) will make it possible to react to sensor data in real time.

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3.4. Huge amounts of data from sensors and platform activities (big data) will be processed by computer programmes based on certain algorithms. Programmers will be able to either narrowly define these algorithms, or generate them dynamically using a set of input data (machine learning or AI). From AI, in particular, many are expecting significant technological breakthroughs (1). The question how far we allow machines to make choices (with moral implications) is of crucial importance and requires social and political control. There is already a strong demand for limitations to be placed on automatic computer systems in certain areas (such as fintech) because of a significant loss of control and lack of transparency.

3.5. The pace of the development of digitalisation in society is very fast. Public organisations and businesses are adopting plenty of new approaches, as attested by pilot projects or products already entering the market. The market penetration of these new products can be very, very different depending on the sector. Conversely, it can be slow in certain areas, where the technology is not accepted without question, as described in the following paragraphs.

3.6. A typical example of the internet of Things with limited acceptance is home automation or smart home systems, to control lighting, heating, entertainment devices or units, household appliances and much more. Access control and alarm systems with security cameras can upload videos. Home automation systems lack technical standards, making it hard to develop applications that work consistently for different objects. They may also require advanced skills and continuous updating. Another difficulty lies in the fact that most homes are shared environments, with people who have different interests, skills and abilities (children, older people and guests, for example). It is much easier to live in a smart home that manages the life of one person.

3.7. Smart car sensors make connected and automated mobility possible, by offering a wealth of new features for better convenience and safety and eventually, with full automation, the highest degree of safety in road transport (2). The technology for automatic driving is fairly mature, but for a number of reasons its widespread application is only developing slowly. Firstly, a high degree of assisted driving is possible only in new cars, where the sensors and central computing units are an integral part of the vehicle. The costs of this for individuals and society are an obstacle to market penetration. Secondly, a growing number of assistance systems can make driving a car much more complex, causing limited acceptance. Thirdly, the demand that fully autonomous vehicles be 100% safe is a big obstacle as long as these vehicles share the road with conventional cars and other road users. Fully automatic vehicles are a challenge because they make it necessary to significantly redesign the road system.

3.8. Google and Facebook already use AI intensively and successfully to optimise information display and advertising. But there are many more areas where AI can and will be used, providing powerful assistance in cognitive work, as in knowledge-based professions. Some of these areas, however, may develop more slowly than expected due to a fundamental problem, as stated recently: ‘a limitation for AI is not the technology (computer power) but our lack of fundamental understanding how humans exactly learn and think’. Thinking outside the box and using life experience is still a human privilege.

3.9. There are some very successful pioneers who have converted public services into flexible e-solutions. For example, in Estonia a multitude of services such as e-government, e-tax, e-health or e-voting are well accepted, widely used and seen by many as a role model for technology that should be implemented in all EU countries, preferably with the same standards, to enable interoperability. Only with an EU-wide strategy and well funded projects can we overcome the obstacles posed by the existing large diversity of regions, institutions and cultures, and the demand for subsidiarity over central government.

4. Concerns and recommendations

4.1. In 2017, the European Commission published a Eurobarometer survey (5) showing that 76% of people who use the internet every day say the impact of these technologies on their quality of life has been positive, but 38% of people never use the internet. The latter percentage may be due to a lack of digital skills, but there are also a significant number of people who might have the skills but have serious concerns about internet use, making them hesitate to follow suit. This point of view has to be respected and taken seriously. Concern is expressed in particular over the issues of autonomy, responsibility, security, human dignity, privacy and working conditions, as explained below.

(2) OJ C 62, 15.2.2019, p. 274.
4.2. Autonomy

4.2.1. We speak of paternalism if someone professes to know better what is good for other people than they do themselves. With technological paternalism, the paternalism is ‘delegated’ to technology. Paternalism can be persuasive or compelling. Good persuasive technology should involve training, not manipulation, and comply with the requirement of people’s free choice, to guarantee human autonomy. Digitalisation offers a wealth of new possibilities allowing people to make choices for a better life in an unprecedented way. On the other hand, the more digitalisation dominates our life, the more we can be manipulated. This undermines our autonomy in areas such as car driving, choosing food, taking care of our health, heating our homes, smoking, drinking, managing our finances and, as seen in recent events, even elections which, if manipulated, can pose a threat to democracy. The EESC calls for the development, adaptation and application of transparent rules and when, appropriate, strict legal measures for these rapidly evolving technologies.

4.2.2. The most striking example of extreme use of digital technology to influence people can be found in China. For each of its citizens the Chinese Government keeps a citizen score, to help determine if someone is eligible for a loan, a visa or a job. This is in sharp contrast to European values and rights (data protection, privacy, social protection, sustainability).

4.2.3. A trend has been observed where people develop a growing desire for a more analogue life, at least for a certain part of their time. There are sleep-away camps, where adults go to unplug for an off-the-grid weekend, or people spend time offline to focus on children, families and friends – meaning no phone in hand. There is a stable demand for things now considered analogue, although a digital alternative exists; books, music created without computers, vinyl records, paper, pens and much more. A number of high-level executives have been known to bankrupt their email traffic once in a while. This means deleting every email in their inbox or closing their account altogether, to recover from the deluge of electronic communication. The EESC believes that the digital transition also needs such counterweights to succeed and be acceptable to all, and warns against pushing too much to replace analogue techniques.

4.3. Responsibility

‘Man-out-of-the-loop’ refers to full automation, where the system makes a decision without human intervention. Examples include knowledge systems that make medical diagnoses based on a large amount of information, or military robots that make life or death decisions using information from various sources. The crucial, frequently asked question is: to what extent is it ethically acceptable to delegate making choices (with moral implications) to systems based on AI? The EESC has already expressed a clear view on this (6): the terms ‘responsibility’ and ‘moral’ are exclusively linked to human beings, while certain mental or personality traits cannot be attributed to robots. Automated systems, regardless of how complex they are, have to operate according to the human-in-command principle. Only humans make the final decision and take responsibility for it.

4.4. Security and consumers

4.4.1. As hot new gadgets make our homes smarter, they are also making them more vulnerable. With more of our devices connecting to the internet – smart TVs, webcams, gaming consoles, smartwatches – it is crucial to have a good defence plan for your home network. Smartwatches and other wearable devices are an extension of a smartphone, giving instant access to powerful apps, emails, text messages and the web. Besides extracting information that is valuable to hackers, they can also take over control of smart devices. Security researchers have demonstrated how simple it is to hack the toy doll Cayla or that one could hack even an insulin pump or spy on a smartwatch wearer. Consumers have to be made aware of these risks. The EESC calls on the EU to revisit existing security regulations and to develop and adapt strict security rules for new evolving technologies for the protection of citizens in their homes.

4.4.2. The application of biometrics (face recognition, fingerprints, iris scan) is great if the system works well. But for people whom the system incorrectly identifies as suspicious, it is often very difficult to rectify errors. The application of biometrics can result in misclassification and stigmatisation, by automatically putting someone in a certain category, such as that of terrorist, criminal or unreliable individual. This can lead to a reversal of the presumption of innocence. It also appears that biometrics cannot be used for everyone. For example, 2% of people’s fingerprints cannot be ‘read’ because they are senior citizens or because of certain professions or chemotherapy treatments. The digital systems our society uses must be designed not to exclude or discriminate against people who do not meet certain standard criteria. Systems that automatically classify people as suspicious should never work without close human interaction and thorough verification.

4.4.3. **Identity fraud** is a major problem. Identity fraud is the intentional obtaining, appropriating, owning or creating of false identifiers, committing or intending to commit unlawful conduct. Our society needs sufficient legal support to protect the victims of such identity fraud.

4.5. **Human dignity**

4.5.1. The use of robotics in the **healthcare** sector is matter of concern. Robots are devices that are unable to replicate the empathic capacities and reciprocity of human care relationships. Care robots, therefore, should only be used for care tasks requiring no emotional, intimate or personal involvement. If not used under certain framework conditions, robots can undermine human dignity.

4.6. **Privacy**

4.6.1. **Facial recognition** compares someone’s facial profile with a database to see if the scanned person appears in that database. It is used in police investigations or for security cameras in public spaces and its use is regulated by law. Such highly sensitive information must be stored safely and securely. Facial recognition, however, will become cheaper and easily accessible to all, for any shop, business or even private individual to use. There are attempts to use these techniques even for emotional recognition. The fear is that facial recognition technology could ultimately lead to a situation where it is no longer possible to walk down the street or go shopping anonymously. The EESC demands that people have the right to be private in public spaces too. In general, camera recognition, without the knowledge of the people being observed, must be prohibited.

4.6.2. While the big brother scenario, where a government is spying on everyone, is already well known, the **little brother** scenario, where individuals or small companies are spying on each other, is becoming an ever greater possibility. For example, smart glasses can be used to record and retrieve data about an interlocutor or visitor. Other electronic spying gadgets will appear as advanced and affordable technology is further developed. The EESC emphasises that beyond the present GDPR, we need clear, strict rules to safeguard people’s privacy.

4.6.3. With more **home automation**, the home, considered private, is becoming more transparent. The distinction between home and the outside world is blurring, as the walls no longer protect a house from prying eyes. Entertainment devices, alarm systems with security cameras and central control systems (desktop computer, smartphone, smart speaker) provide a range of entry points for hackers. The EESC calls for EU coordinated action to inform consumers about these risks and provide support for security measures.

4.6.4. One risk of digital systems lies in their complexity. In particular, the individual **consumer**, who does not have professional digital skills, needs strong support. For example, user manuals for digital equipment can be very long. They normally warn the user about privacy issues, but permission to use certain data is often given unwittingly, because people are not able to understand the entire manual or are suffering from so-called **consent fatigue**, due to the many times they have to grant permission to use their data to devices that capture data. This raises the question of where the responsibility lies in this process. The EESC calls for simplification and proposes to introduce EU standard procedures or standard privacy packages which are easy to understand for all.

4.6.5. The issue of privacy also applies to **digital platforms**. Platforms can easily track their users with simple tools. For example, Uber employees have been using the company’s God View tool to track politicians, celebrities and others, something that has been stopped after a court case. The technology, however, still captures tracking and connecting data. The EESC is convinced that privacy can only be guaranteed through additional measures: restricting access to sensitive data to only a limited number of certified persons. Such security measures must be developed to the highest, most trustworthy standards, including regular verifications by independent EU bodies.

4.7. **Work of the future**

4.7.1. Work will remain the central source of income in the digital age. Employability from an employer’s perspective and the ability to work from an employee’s point of view are two sides of the same coin in the digital transformation. The adaptability of employees to new tasks is equal to the possibility of adapting the work by digital technology to individual work requests. As the line between working to earn money and working for private purposes becomes increasingly blurred, the social partners in particular are being challenged to find and set new criteria for measuring individual performance in a fair way. Anticipation of digital change requires involvement of employees through information, consultation and participation. Social security, public services of general interest and the safeguarding of ecological livelihoods remain prerequisites for the future working society in the digital transformation.
4.7.2. **Automation and robots** will have a significant impact on the future of work. For example, the use of driverless transport systems (DTS) is already commonplace for transporting materials in warehouses. Robots can also replace monotonous, heavy or dangerous work and a new generation of so-called 'collaborative robots' can become physical partners for workers, particularly helpful for people with physical disabilities. Present-day robots mainly replace manual work, but robots using AI will also perform intellectual work. A significant number of professions will be affected, as robots take over certain tasks or even replace completely human workers, as we have witnessed in past decades. It is estimated that employment in all industrial sectors will remain stable until 2022. A look at large companies even shows that the shift in the division of labour between man and machine has created almost twice as many new jobs and functional roles as it has usurped. The EESC has discussed these issues a number of opinions (7).

4.7.3. Uneven access to new digital technologies and a skills gap can be a source of gradually growing **differences in regional development** with impact on economic, cultural and, consequently, social development of those regions. The EESC calls for assessing the scale of possible social inequalities and its possible effects on the EU’s integrity.

4.7.4. **Workers** collaborating or interacting with automated systems, or working with a large amount of information, may face certain problems. They must deal with complex information-intensive tasks. Virtual reality, for example, is used for training and planning purposes, while augmented reality supports maintenance projects. The EESC recommends, whenever new automation systems are planned in industry and commerce, using objective scientific methods to optimise and evaluate human-machine interaction.

4.7.5. **Employers**, on the other hand, are faced with the challenge of selecting suitable digital solutions from the wide range of new technologies. It is important to develop suitable technological assistance systems for companies’ activities and work processes. Before introducing new technologies, it is also recommended to determine the technological competence of employees and, if necessary, offer training. The participation of employees in introducing new technologies is also a key factor.

4.7.6. The research area of **cognitive ergonomics** is making an upswing in the age of digitalisation. The scientific methods of cognitive ergonomics make it possible to objectively assess mental demands while dealing with new technical assistance systems. It combines different research disciplines, such as psychology and ergonomics, to evaluate user interfaces. The goal is an optimal workplace design and a win-win situation for employees and employers. In such a win-win situation, employees achieve an optimal level of job satisfaction, well-being and health and provide the company with optimal long-term performance and productivity. The EESC recommends that such evaluation methods become standard, for the benefit of employees and companies. The digital transformation should be monitored through comprehensive and European funded work-oriented research into ‘digitalisation for the benefit of decent work’. The EESC is convinced that only with efficient and employee-friendly design of Industry 4.0 systems will digitalisation be successful in the long term.


*The President*
*of the European Economic and Social Committee*
*Luca JAHIER*

III

(Preparatory acts)

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

541ST EESC PLENARY SESSION, 20.2.2019-21.2.2019

Opinion of the European Economic and Social Committee on 'Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank — Annual Growth Survey 2019: For a stronger Europe in the face of global uncertainty'

(COM(2018) 770 final)

(2019/C 190/04)

Rapporteur: Anne DEMELENNE

1. Conclusions and recommendations

1.1. The Annual Growth Survey (AGS) gives a broadly positive assessment of past economic and social progress, in relation to economic growth, investment and labour market developments. Despite welcome improvements since 2014, the data presented shows that performance has not been impressive in comparison with that of other advanced economies.

1.2. The AGS mentions dangers from external events, but does not propose adequate countermeasures. External threats should point to the need to prepare stimulus policies for the maintenance of growth and employment levels. This has implications for the EU and Member State budgets.

1.3. Improved productivity is crucial for retaining the EU’s competitive position and for improved wellbeing. Reforms that can lead to enhanced productivity should be welcomed. However, there is a need for thorough evaluation of past policies, in the light of mixed results to date, including the slow pace of economic recovery, continuing concerns over productivity relative to competitors and the increase in precarious employment.

1.4. Higher productivity depends on improved education and training, as emphasised in the AGS. This should be supported by social partners, civil society and from public and private investment, including investment backed by EU Structural Funds.
1.5. The Social Pillar is given welcome prominence. It should be made clearer how it will be put into practice, how resources can be made available through European Social Funds and other European instruments and how that will be financed at EU and Member State level.

1.6. There are references to areas where new policies have been proposed, including fair taxation, the banking union and the functioning of the euro area. Progress is very slow and proposals often rather modest. Full involvement of the social partners and civil society would be beneficial.

1.7. The importance of addressing climate change is mentioned briefly but, given the associated risks to the economy as set out in the Global Risks Report (1) for the World Economic Forum, is given very short shrift. Nor are the external costs of the carbon-based economic addressed. Climate-protection measures so far adopted remain insufficient. An important step would be to rename the Annual Growth Survey as the Annual Sustainable Growth Survey. Besides recognising the importance of climate change this would also recognise the importance of sustainability of finite resources, the protection of the environment and thereby the safeguarding of the interests of the economy and future generations.

1.8. In many areas policy implementation depends on some private and also public sector financing. This should be facilitated both with reforms to create a favourable environment for private-sector investment and with an adequate EU budget and with commitment to a ‘golden rule’ allowing funding from Member State budgets for socially and economically productive investment that does not threaten future budget sustainability.

2. The broad priorities of the European Commission in the Annual Growth Survey (AGS) 2019

2.1. The 2019 Annual Growth Survey is set in the broader context of 22 consecutive quarters of economic growth, thus providing the opportunity to implement the reforms needed to cope with rising global uncertainties and possible internal risks, in other words:

— increased private and public sector investments to increase total factor productivity growth;

— providing high-quality investments in R&D, innovation, education, skills and infrastructure;

— enhancing productivity, social inclusion and institutional capacity;

— well-functioning and integrated capital markets;

— guaranteeing macro-financial stability and sound public finances.

3. **General comments on the recommendations of the European Commission**

3.1. The EESC welcomes the continuing commitment to support for reforms aimed at increasing high-quality investment and productivity growth, inclusiveness and institutional quality, and to continuing to ensure macro-financial stability and sound public finances. It welcomes the recognition of the need for investment focused on education and training and the increased recognition of the need to strengthen the EU’s social dimension, to respond to inequalities inside and between regions and in terms of access to education, and to achieve coordination between policy instruments. However, it remains to be specified how these objectives are to be achieved and the assessment of economic performance does not match the data appended in all areas, remaining complacent on some points, exaggerating positive features and, in some cases, making unsubstantiated claims about the positive effects of past policies.

3.2. Dangers and uncertainties are referred to, including changes in the global economy, US trade policy and uncertainties in future relations with the United Kingdom. The risk of a recession in the near to medium term future point to the need to prepare stimulus measures for maintaining growth and employment levels, as recommended by the OECD (\(^2\)). To this end, the establishment, within the EU budget, of a function for macroeconomic stabilisation, which would allow an increase of the economic resilience of the area, should be considered. It can serve as a buffer against shocks and may allow the Euro Area to run the positive fiscal stance requested by the EESC (\(^3\)) even if individual Member States do not use their available fiscal space in line with European objectives.

3.3. There are also risks from internal political developments following the relatively disappointing economic and social performance of the post-2008 period. This also highlights the importance of both such reforms and policy measures as would lead to improved productivity and economic growth and to the strengthening of cohesion and the social dimension of policies.

3.4. **Growth**

3.4.1. The EU has experienced five years of economic growth from 2014, with levels above the EU average in a number of lower income countries. This has reduced to some extent divergences between the highest and lowest incomes across the EU as a whole, although some other countries have been falling behind to create new dimensions of divergence.

3.4.2. Since 2017, there has been some growth in all EU Member States for the first time since before the crisis. Nevertheless, growth is still slower in the EU as a whole than in the pre-crisis period and not impressive when set against recent growth in other advanced economies. The EU also has more substantial ground to make up, following the exceptional length of the post-2008 depression.

3.5. **Social aspects**

3.5.1. The level of employment and the employment rate have both shown substantial recovery from the depressed years after 2008. Although, as indicated by data annexed to the AGS, the trend in new job creation has been towards higher skill levels, this has been accompanied by a decline in the quality of much of the newly created employment.

3.5.2. Increasingly employees are being hired on temporary and part-time contracts, the majority of whom would prefer a standard, full-time contract (\(^4\)). The proportion of part-time workers increased from 16.8% to 18.7% of the total in employment from 2008 to 2017, with higher levels and a larger increase for younger people. Although more people are now working, the total hours worked in 2017 was still slightly below the level of 2008 (\(^5\)).

3.5.3. As recognised in the AGS, the number of people in work and at risk of poverty is high and rising in several Member States (2008, 8.6%, 2017, 9.6% of working population (\(^6\))). A higher total employment level – although employment should be preferable to unemployment – is not proof of inclusive growth.

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\(^3\) EESC additional opinion on Euro area economic policy 2018 (OJ C 62, 15.2.2019, p. 312).


3.5.4. Groups, such as those receiving disability benefits, are often not counted in unemployment rates ('). This should be taken into account in recommendations, particularly with regard to offering flexibility and security to such groups to facilitate access to the open labour market without the loss of subsequent entitlement to benefits.

3.5.5. Attention should also be paid to ensuring that those in precarious and atypical work contracts, such as the self-employed, part-time workers, or those involved in platform employment, have access to adequate social protection. Also of concern are persons whose outgoings, owing to an underlying health condition or disability, can make it impossible to make ends meet, and who sometimes lose adequate financial assistance for related outgoings once in paid employment.

3.5.6. The Commission proposes adapting social protection based on the new forms of employment. Admittedly, new sources of financing will need to be found, yet the way forward is a return to quality jobs that reflect labour market needs, and to sustainable employment contracts, that give people the right to an adequate social protection. It will also be necessary to combat discrimination in the labour market of certain groups — older people, those of foreign origin, people with disabilities, young people, and women — many of whom are often highly qualified.

3.5.7. References to ensuring wider access to high-quality services and improving parents' (and particularly women's) access to the labour market, are to be welcomed for their positive effects in countering social exclusion and also in improving labour supply. Policies to support the social integration of immigrants should likewise be promoted as part of a migration policy reflecting European values of solidarity and tolerance and respecting human rights.

3.6. Wages and productivity

3.6.1. Wage growth has been very modest and divergences between countries, even for the same work, remain substantial. Wage growth for the EU as a whole remains below the level of productivity growth.

3.6.2. This means that a lower share of national income is accounted for by wages. The extent to which the benefits of higher productivity are evenly shared varies among Member States, depending on the scope for successful collective bargaining and policies to encourage wage growth. Although higher productivity should normally be considered the necessary, albeit not sole, precondition for higher wages, the systematic link between productivity (which is also dependent on investments) and wages should not obscure the increases in the cost of living when it comes to setting wages; otherwise it may lead to major social tensions.

3.6.3. Low wages are also a barrier to higher productivity in lower-wage countries, encouraging the best-qualified people to seek employment elsewhere. Mobility of labour should be welcomed where it reflects individuals' first choices. It also allows acquisition of skills and experience that can be taken back to a home country. However, outward migration of the most qualified has also discouraged investment in activities requiring high skill levels, leaving lower-wage countries unable to develop the most demanding economic activities.

3.6.4. Increased pay levels in a number of Member States (mostly in eastern and central Europe) have followed increased minimum wages and higher public sector pay. Higher consumption has contributed to higher GDP. Likewise, measures to ensure a minimum wage and minimum income as part of a process of social convergence in the EU may constitute an important element of social protection and achieving a decent standard of living in all countries while also helping to support growth.

3.7. Productivity and skills

3.7.1. Lagging productivity growth relative to the major global competitors followed a longer-lasting depression after 2008, as shown in Graph 3 ('). The lag has been particularly pronounced in the euro area. Reducing that gap will require the development of an environment conducive to increased private investment and to the application of research and innovation. It will also require using the full potential of the EU's population, minimising labour market and social exclusion and investing in means to assist recruitment of the long-term unemployed into the labour market.

(') The European Commission's Joint Employment Report 2018 shows that only 47.4% of persons with disabilities of working age are in employment in the EU.

3.7.2. Improving knowledge, skills, qualifications, attitudes and creativity remains an absolute precondition to increasing productivity. It also contributes to democracy and sustainable development. The AGS correctly emphasises the importance of investment in developing skills, education and lifelong learning. 40% of employers report difficulties in recruiting adequately qualified personnel. Many prospective employees also find it difficult to apply qualifications in their home countries.

3.7.3. The development of strategies to anticipate future skills requirements, along with proper skills validation systems, and to ensure education and training match employment needs is essential. Supporting employers in sourcing available employees with adequate skills and qualifications should also be ensured by investing in support services to prevent early school leaving especially amongst discriminated groups such as persons with disabilities or people of a migrant background, and to provide support in the continuation of higher education (*). There is an important responsibility on employers to enable and facilitate the enhancement of skills and qualifications – this varies enormously between Member States – and development and implementation of successful strategies are unimaginable without the full participation of the social partners, civil society, education establishments and training companies. As the AGS also argues, ensuring equal access to quality education requires adequate investment, which should include public investment backed by the EU through CSRs and appropriate participation from Structural Funds and its Investment Plan.

3.8. Climate challenge

3.8.1. The AGS is very vague and far too weak on the dangers presented by climate change and on the EU’s progress towards reaching the Paris targets. Compared to the Global Risks Report (9), which was presented to the participants of the World Economic Forum in January 2019, the relevance of climate change to growth and the economy is given quite marginal consideration. The Global Risks Report in contrast shows that the three (!) greatest threats to the global economy are linked to climate change and overly cautious policy action to decarbonise the economy. Climate protection is therefore no longer simply a question of environmental protection, but is necessary for the economy to survive. The regular reports produced by Bloomberg NEF show that clean energy investments have declined since 2011 (!). The EU cannot claim world leadership in this area or in innovations leading to reductions in greenhouse gas emissions.

3.8.2. The report by the Intergovernmental Panel on Climate Change (IPCC) stresses the urgency of actions against climate change, which may become irreversible in three years. Budgets should also be made available at all levels of governance (both public and private investment) to modernise and decarbonise industry, transport and energy.

3.8.3. This is also advisable from a fiscal policy point of view, due to the extremely high external costs in today’s economy. However, the Annual Growth Survey largely ignores this issue, despite the fact that the Commission published figures at more or less the same time as the Annual Growth Survey showing that, in 2017, weather-related disasters alone caused EUR 283 billion in economic damages (12). The EESC has repeatedly pointed out that the International Monetary Fund estimates direct and indirect subsidies for carbon-based energy production in the EU at USD 330 billion per year. It is therefore a shortcoming of the Annual Growth Survey that it fails to address the question of the internalisation of external costs or the debate on ‘beyond GDP’.

3.9. Investment

3.9.1. Investment is crucial to productivity growth. The issue is pressing for the EU given that it is lagging behind its major competitors in crucial branches of the most modern technology and in the development of low-carbon technology. A continuously improving economy is a crucial basis for financing social security and healthcare benefits at the level desired by European citizens. Indeed, advancing well-being, cohesion and social justice is fully compatible with economic and productivity growth (13).

3.9.2. The EESC repeats its view that the Commission and the Member States should put greater efforts into removing the bottlenecks to investment and to creating a favourable investment climate. The completion of the Energy Union, the Digital Single Market Strategy and the Action Plan for the Circular Economy could all present opportunities for investment. Additionally, new opportunities for green investment combating climate change need to be considered.

(*) The European Commission’s Joint Employment Report 2018 indicates that persons with disabilities are more likely to be early school leavers than non-disabled people by 13.6 percentage points (based on figures from 2015), and are less likely to complete tertiary education than non-disabled people by 10.3 percentage points (based on figures from 2015).


International trade agreements can also offer prospects for stimulating economic growth. The issue is particularly pressing in view of the dangers presented by the UK’s possible departure from the EU and trade conflicts involving the USA. The EU should support a rules-based system of international economic relations supplemented by negotiation of free trade agreements. These should aim for minimal tariff levels, taking due account of human rights, ILO standards and the right of the states to regulate in the public interest.

The AGS is unconcerned by levels of investment, suggesting that the gap identified after 2008 has almost been closed. Investment (understood as gross fixed capital formation) was set to reach 20.6% of GDP in 2018, compared with 22.5% in 2007 and 19.4% in 2014. The investment gap, measured in these terms, has therefore been reduced somewhat, but not overcome.

Investment remains at a low level compared with that in the USA and South Korea, among the EU’s natural competitors for innovation. Levels remain particularly subdued in a number of lower income countries and in countries that suffered the greatest declines after 2008.

The AGS favours a number of areas of social investment, including health, long-term care systems and public housing. The EESC has argued for the many positive effects of well planned, effective and efficient future-oriented social investment which should be viewed not as a cost but as an investment in Europe’s growth and employment potential. Implementing these objectives requires space for public spending.

The Investment Plan for Europe is welcomed as a means for supporting investment targeted towards the EU’s policy priorities. However, the resources made available have been limited and, in aggregate terms, have been enough only to maintain, and not to increase, the total of EIB credits. These were in fact 7% below the average level for 2013-2016 in 2017.

A approach is needed that will provide an adequately funded investment programme, including resources from the EU budget with backing from Member States’ budgets. With this, the EU will be better able to implement its stated objectives of support for SME development, for investment in new technologies promoting the desired green transformation, and for investment in enhancing education and skill levels and in improving social conditions. The EESC has previously argued that the flexibility currently allowed in the growth and stability pact is not enough and that discussions should be opened at EU level on a fully-fledged rule which excludes value-adding public investment from the scope of the SGP, generally referred to as the ‘golden rule’, so that debt sustainability can be assured.

Debt

The EESC, in line with its previous opinion, concurs with the concerns expressed in the AGS that high levels of public and private debt are persistent sources of vulnerability, notably within the euro area. Gross public debt has fallen from its peak level of 88.1% of GDP in 2014 to 81.4% of GDP in 2018, still well above the 2008 level and well above the target of 60% of GDP. However, international comparisons show that public debt levels over 60% of GDP are not necessarily linked to slower economic growth. Reducing public debt appears easiest where there is rapid economic growth. The best protection against the dangers associated with high debt levels is therefore a full restoration of economic growth through anti-cyclical macroeconomic policies. Moreover, growth-friendly fiscal consolidation in good times may help to prevent adverse market reactions in bad times.

Private debt has come down in recent years but remains above the level before the introduction of the euro in most EU Member States. Deleveraging of households and firms is less lengthy and painful when economic growth is high. The destabilisation of euro area economies through a pro-cyclical housing market must be closely monitored and avoided by regulatory means to prevent economic crises.

Debt reduction is helped by high quality institutions on a par with the best performing economies. They ensure efficiency in product, service, financial and labour markets, help to achieve an adequate quality of public administration, and support appropriate pensions, competition and taxation policies.

(1) AMECO database.
(2) EESC opinion on Funding the European Pillar of Social Rights (OJ C 262, 25.7.2018, p. 1).
(3) ECA opinion on EFSI: an early proposal to extend and expand, p. 21.
3.11. Banking Union

3.11.1. If current proposals for the Banking Union were put into practice, they would be insufficient when set against the experience of past financial crises. Measures should be taken to ensure that expanding capital markets are properly supervised so as to not to allow any toxic securitised products in European capital markets that may contribute to the next financial crisis. Supervisory bodies in the European Union need to ensure that a capital markets union does not result in an acceleration of capital flight out of individual Member States during financial market stress. In order to ensure conducive financing conditions for the real economy, the negative feedback-loop between banks and sovereign interest rates should be weakened. Two integral parts to this end are a European Deposit Insurance and the provision of an appropriate backstop to the Single Resolution Fund by the European Stability Mechanism. Before establishing a European Deposit Insurance, non-performing loans should be cleared from the balance sheets of participating banks to the greatest extent practicable and possible.

3.12. Euro area reforms

3.12.1. Deepening of the Economic and Monetary Union (EMU) should be pursued with more imagination and vigour. Proposals for the reform of the EMU and its governance are currently insufficient to protect against the risks of asymmetric shocks. The previous one-sided, debtor only, current account rebalancing has harmed the overall GDP of the euro area, contributing to its slow recovery after 2008. To allow former current-account deficit countries more room to expand their economies (in terms of their fiscal and external balance), current account surplus countries should not only be incentivised to invest more, but also to increase their wages and social benefits to support private consumption.

3.12.2. The EESC urges European leaders to step up the speed of reform regarding the EMU, Banking Union, and Capital Markets Union. However, as long the euro area lacks a common budget that can create a positive fiscal stance for the euro area as a whole, monetary stimulus will remain necessary during any future recession. With the foreseeable end of the ECB’s asset purchasing programmes at the end of 2018, we recommend that the ECB considers an asset purchasing programme that can be swiftly activated during a recession, should fiscal stimulus fail to materialise. The programme should be oriented towards the real economy and climate-friendly investments.

3.13. Fair taxation

3.13.1. Noting the discussions within the European Commission that taxation could become a matter for qualified majority voting, the EESC continues to support an emphasis on fair taxation policies, i.e. taking account of each individual’s ability to contribute. The EESC, in line with previous opinions, supports the development of a widely accepted Common Consolidated Corporate Tax Base as a means of enhancing the single market by simplifying the tax affairs of larger companies and a means of tackling aggressive tax planning (20). It also welcomes digital tax initiatives, believing it very important to develop new globally acceptable principles on how to attribute corporate profits in line with value creation to an EU country and tax them accordingly (21). It also welcomes the importance attached in the AGS to combatting tax fraud, evasion and aggressive tax planning, in line with previous EESC opinions (22).

3.14. Structural reforms

3.14.1. The AGS emphasises once more the importance of structural reforms, seen as helpful for creating employment and reducing levels of debt. However, it remains unclear what is meant by ‘structural reform’ making it difficult to interpret claims that past reforms have had demonstrably positive effects. The EESC has in previous opinions advocated structural reforms geared towards social and economic development: more and better jobs, improved access to the labour market, education, training and skills acquisition, sustainable growth, administrative and institutional quality, and environmental sustainability (23). It has argued that such reforms should be country-specific, consistent with National Reform Programmes (NRPs) to improve well-being, and backed by democratic support, rather than a one-size-fits-all approach for all Member States (24).

(20) EESC opinion on Common (Consolidated) Corporate Tax Base (OJ C 434, 15.12.2017, p. 58)
(21) EESC opinion on Taxation of profits of multinationals in the digital economy (OJ C 367, 10.10.2018, p. 73).
(23) For example, improving the business environment, the financing of companies and R&D expenditure; increasing the productivity of companies, sectors and economies; promoting the creation of good quality jobs with higher wages, and the simultaneous reduction of temporary and unstable jobs with low wages; strengthening collective bargaining, and the autonomy of the social partners in it, and social dialogue at local, regional, national and European levels; reforming public administrations to make them more effective for economic and social development; and more transparent for the public; promoting the quality of education and training systems for workers to bring about equal opportunities and results for all social groups.
(24) EESC opinion on Funding the European Pillar of Social Rights (OJ C 262, 25.7.2018, p. 1, point 2.5).
3.14.2. Recent modest growth performance and labour market developments raise questions about the benefits of some of the past policies, introduced under the label of ‘structural reform’. The numbers employed have increased, in line with rising demand, but with frequent deteriorations in job quality and increases in labour market segmentation.

3.14.3. The results of past ‘structural reforms’ remain an area of controversy. Some assessments have been positive, with employers reported as expressing some degree of satisfaction with reforms in labour markets (25). However, there is also a substantial body of literature casting serious doubts on the European Commission’s past labour-market policy recommendations (26). Thus, the latest OECD Jobs Strategy now argues on the basis of ‘new evidence’, that ‘countries with policies and institutions that promote job quality, job quantity and greater inclusiveness perform better than those where the focus is predominantly on enhancing (or preserving) market flexibility’ (27).

3.14.4. The EESC repeats its observation that the success or failure of a given reform measure often plays out over a period of more than five years (28). An assessment should be undertaken of the effects of past policies introduced as ‘structural reforms’, based on evidence and with the full involvement of the social partners and civil society, as a basis for informing future policy recommendations (29).

3.15. European pillar of social rights

3.15.1. The EESC welcomes the recognition of the importance of the social pillar, repeating the urgency of making it a reality in view of the poor economic and social performance in many countries since 2008.

3.15.2. The social pillar should be fully integrated into the European semester. It should not feature only as an annex. The accompanying scoreboard indicates the scale of the task ahead if the EU is to achieve a ‘social triple-A rating’. An acceptable level of incomes, living standards, social security, welfare provision, educational attainment and digital access has clearly not been achieved across all Member States (30).

3.15.3. The Pillar of Social Rights should be used as a means to measure recommendations to Member States. The Pillar’s 20 principles should be a used as markers for assessing countries’ success in integrating their commitment to the Social Pillar into their economic policies.

3.15.4. This also points to the need for adequate means of financing, including contributions from the EU level. The EU’s investment plan, if adequately funded, and the EU’s cohesion policy can both contribute, in coordination with country-specific recommendations. This implies allowing appropriate flexibility within the growth and stability pact. As argued in a previous opinion, it also implies continued adequate funding for cohesion policy from the EU budget (31).

3.15.5. Careful thought should also be given to the proposal made by President Juncker in his State of the Union Address 2017 for a European Labour Authority. This could help ensure the effective enforcement of EU labour and social security rights and combat unfair competition.

3.15.6. As well as being used as a guide to policy recommendations, the scoreboard attached to the social pillar should be used as an example for similar analyses of performance of individual countries in relation to environmental and climate-change polices, so that they can be assessed at a similar level of seriousness.

(25) ECB, Structural policies in the euro area
3.15.7. In view of the importance of promoting sustainable growth, meaning sustainable in economic, environmental and social terms, the title of the Annual Growth Survey should be changed to the Annual Sustainable Growth Survey.

3.16. The role of the social partners in the European Semester

3.16.1. The Member State governments, the social partners and civil society organisations have to reach agreement on essential national reforms that will best enable their economies to maintain or improve the living standards of their citizens. Therefore, the inputs of local EU semester officers, national fiscal councils, national productivity boards and national social and economic committees should be involved. Members of the EESC can also play a role in this field.


The President
of the European Economic and Social Committee
Luca JAHIER
Opinion of the European Economic and Social Committee on ‘Proposal for a Regulation of the European Parliament and of the Council in order to allow for the continuation of the territorial cooperation programmes PEACE IV (Ireland-United Kingdom) and United Kingdom-Ireland (Ireland-Northern Ireland-Scotland) in the context of the withdrawal of the United Kingdom from the European Union’

(COM(2018) 892 final — 2018/0432 (COD))

(2019/C 190/05)

Rapporteur-general: Jane MORRICE

1. Conclusions and recommendations

1.1. Continued EU support for Northern Ireland, particularly the PEACE and Interreg programmes, beyond the UK’s withdrawal from the EU, is not only essential but also crucial, as indicated by the challenging nature of the debate on the UK/Ireland border in the Brexit negotiations.

1.2. The EESC wholeheartedly welcomes the proposal to continue the EU PEACE programme in Northern Ireland and the border counties of Ireland after the UK’s withdrawal from the EU. Appreciating the priority given by the EU to supporting the peace process, the EESC recognises the significant contribution the PEACE programme has made to maintaining peace in the region. This is in accordance with the findings of the European Parliament in September 2018 (1), which describe the PEACE programme as a model for the rest of the world.

1.3. Furthermore, in light of the destabilising nature of the political, economic and social uncertainty caused by Brexit, it is vital for civil society actors that the EU maintains its commitment to doing its utmost to ensure Northern Ireland will not only remain conflict free, but continue its path to reconciliation using the EU’s trade-mark ‘bottom-up’ approach to peace-building and conflict resolution.

1.4. The European Peace and Reconciliation Programme (PEACE) is the most valuable and successful peace-building instrument ever operated by the European Union in a conflict situation. Set up in response to the ceasefires in Northern Ireland in 1995, the PEACE programme has invested over EUR 2 billion in cross-community, cross-border and other reconciliation projects in the 24 years since its inception.

1.5. Heralded by all parties to the Good Friday/Belfast Agreement as making a significant contribution to the peace process, the PEACE programme is unique in that it goes above and beyond any other EU intervention within its own territory. It brings together British and Irish stakeholders under an EU umbrella with the sole purpose of protecting the peace process and promoting peace-building in the region and beyond.

(1) President of the European Council Donald Tusk: ‘We will not gamble with peace or put a sell-by date on reconciliation … give us a believable guarantee for peace in Northern Ireland, and the UK will leave the EU as a trusted friend.’
1.6. The urgency of the situation created by the Brexit process and the eventual UK withdrawal requires an EU response to safeguard the peace process which matches the new needs of the region in the post-Brexit context. In consolidating support for continuing the PEACE and Interreg cross-border programmes, the EU makes important strides in the right direction. While this is a commitment which, for obvious reasons, underpins a vital part of EU support for the region, there is more that can and should be done.

1.7. The more immediate needs, both during and after the Brexit negotiations, will become evident if community tensions rise and British/Irish loyalties diverge further at street level as well as at the border. A sign of ‘goodwill’ from the EU could include a commitment to increase EU PEACE funding in the next round and to the siting of a European Peace and Reconciliation Centre in Belfast, as proposed in previous EESC/EP/EC reports (2). This would be a concrete demonstration of the EU’s long-term commitment to the peace process.

2. Background

2.1. Recognising the gravity and sensitivity of the situation in Northern Ireland, the first PEACE programme sought to create an all-inclusive instrument which attempted to break down barriers between hostile and divided communities. Set up in consultation with stakeholders from political, administrative and voluntary sectors, the PEACE programme is a bottom-up approach that actively engages the most vulnerable in society, including children, women, victims and protagonists of the conflict.

2.2. Through a series of interventions, grassroots organisations were established under PEACE 1 to work alongside ‘others’ by placing control and distribution of the vast majority of EU funding in the hands of local groups and councils. The PEACE programme incentivised projects addressing peace-building, conflict-resolution, shared understanding, trauma and legacy issues. Successes of the PEACE programme are numerous, and the contribution it made to laying the groundwork for the 1998 peace agreement cannot be understated. PEACE is now operated by the Special EU Programmes Body (SEUPB), a cross-border UK/Ireland organisation set up by the agreement through which all EU peace and cross-border funding operates.

2.3. The continuation of the PEACE programme is vital to help ensure that the region does not slip back into conflict when facing the challenges of divided loyalties that could worsen post-Brexit, as tensions, evident during the negotiations, have indicated. The continuation of PEACE is now more pivotal than at any time since 1998. Commitment in Brexit negotiations to uphold the Good Friday/Belfast Agreement and ensure there will be no ‘hard border’ is welcome and PEACE can play a crucial role in supporting any transition. The Irish border issue will remain the most challenging aspect of Brexit beyond the current negotiations, which is why the PEACE and Interreg cross-border programmes and continued dialogue between the UK and Ireland are both essential and critical.

3. General recommendations

3.1. Improvement should be considered for renewal of the initiative from 2020, known as PEACE Plus. These can be categorised in five main areas.

3.1.1. Greater focus on promoting a shared society through genuine cross-community efforts. Increased support for integrated education and the promotion of media, cultural and sporting cross-border exchange should be among the priority areas. Also, as evidenced by the many ‘peace’ walls dividing segregated societies, work on community-led improvement to the physical and social environment should be prioritised.

3.1.2. Support for ‘single-identity’ projects should only be used to build confidence in segregated communities if it serves as a genuine stepping stone towards interaction with ‘others’. The problem some PEACE funding has, according to one well-placed commentator, is ‘too much carrot and not enough stick’.

3.1.3. Communication activities relating to PEACE fall short of essential requirements to ensure citizens are fully aware of the EU’s role. Efforts are made by SEUPB, but more work should be done by the European Commission, government departments, influencers and others to acknowledge, explain and recognise the part played by the EU using the WhiteDove ‘brand’ to symbolise EU-funded PEACE projects.

3.1.4. Clear monitoring and evaluation processes to ensure outcomes are also measured according to their transformative nature and not only on the ability of experts to tick boxes. Some small community groups which are most in need of support have described EU funding as ‘not worth the effort’ and a great strain on precious HR that they can ill afford to waste.

3.1.5. According to a 2018 resolution adopted by the European Parliament (3), PEACE should be the EU model promoted to achieve lasting peace in other parts of Europe and worldwide. This fits with an EESC opinion proposing an EU-led global peace-building initiative, modelled on PEACE and creating a European path of peace from Northern Ireland to Nicosia. Known as the WhiteDoveWay, this would follow the path of the Irish pilgrim Columbanus, extending along the Western Front Way, through the Balkans, to link the two divided islands on either side of Europe (4).

3.2. While the main direction for improving certain aspects of PEACE may come from ‘Brussels’, the new 2020 PEACE Plus provides an opportunity to re-engage with civil society to enhance EU aims and values in Northern Ireland. This should not increase bureaucracy, but serve to build trust and understanding of the role of the EU in support of peace and reconciliation.

3.3. A consultation process, similar to that set up by former European Commission President Jacques Delors for PEACE 1 in 1994, should be undertaken as a means not only to increase community ‘ownership’ of peace-building but also to allow for shared learning. Replicating the task force set up by Mr Delors before he left office, this could be led by President Juncker, working with the three Northern Ireland MEPs and the secretary-general of the European Commission, working alongside the current Commission task force, in cooperation with the SEUPB and the heads of the European Commission Offices in Belfast, Dublin and London.

4. Specific key recommendations for the post-2020 PEACE funding round

— More weight should be given to projects that focus on integration of both ‘single-identity’ and cross-community engagements. Collaborative programmes are preferred.

— The life-span of the PEACE programme should be extended. Conflict transformation will take time and requires longer-term commitment than current funding cycles.

— Consideration should be given to recommending that future EU PEACE funded projects carry the White Dove symbol with the EU flag and the words ‘financed by the EU PEACE programme’.

— PEACE programme monitoring bodies should continue to include representatives of civil society, but not only the most convenient or longest established actors. More effort is needed to assist actors inside communities to grow.

— Consideration should be given to the creation of local committees under the PEACE umbrella to liaise with councils, the Assembly and other decision-makers.

— Promoting the WhiteDoveWay concept, networking peace-builders throughout Europe, using real life ‘story-telling’ to increase conflict awareness and actively engaging citizens through the path of peace.

(3) European Parliament resolution of 11 September 2018 on The impact of EU cohesion policy on Northern Ireland.
— Reaffirming the original commitment to a European Peace Centre in Northern Ireland with links to a centre in Nicosia as hubs for transferring real world practical peace-building within Europe and worldwide, ensuring the hard-won knowledge gained throughout the Northern Ireland peace process and elsewhere continues to benefit those in conflict and post-conflict societies.


The President
of the European Economic and Social Committee
Luca JAHIER
Opinion of the European Economic and Social Committee on ‘Proposal for a Regulation of the European Parliament and of the Council on certain aspects of aviation safety with regard to the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the Union’


(2019/C 190/06)

Rapporteur-general: Thomas McDonogh

1. Conclusions and recommendations

1.1. The EESC has repeatedly underlined that international aviation can only assume its role as an enabler for economic growth sustainably, if highest levels of safety are maintained. Prerequisites for safety are uniform standards which are implemented by all stakeholders and monitored by empowered agencies. Brexit may jeopardise such standards and uniform application in Europe in the field of aviation safety, because the pertinent EU regulations could no longer apply to UK aviation stakeholders as of March 2019.

1.2. The Draft Opinion of the European Economic and Social Committee (EESC) to ensure basic air connectivity (TEN/689), and this Opinion should be seen as evaluating specific aspects of the same regulatory initiative of the European Commission (Commission). The underlying assumption of both Draft Opinions is that the legal basis for aviation activity in the single Aviation Market, Regulation (EC) No 1008/2008 of the European Parliament and of the Council (1), and other EU Regulations regulating diverse aspects relevant for aviation, such as, in particular, Regulation (EU) 2018/1139 of the European Parliament and of the Council (2), as well as acts adopted in accordance with Regulation (EC) No 216/2008 of the European Parliament and of the Council (3) will cease to apply to UK registered airlines after the United Kingdom withdraws from the European Union (Brexit).

1.3. In order to reduce the legal uncertainty and planning instability after 29 March 2019, a Withdrawal Agreement has been negotiated between the EU and the UK to enable the UK government to establish national law and regulatory measures as the future regulatory framework for the UK aviation sector. The Withdrawal Agreement has, however, as yet not been ratified by the UK parliament. In the context of a contingency action plan developed in summer 2018, the Commission has therefore drafted, inter alia, a Regulation of the European Parliament and of the Council on certain aspects of aviation safety with regard to the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the Union (Regulation).

1.4. In the case of absence of any other legal basis, it is unclear whether certificates issued by the UK under EU law will still be valid, how UK registered airlines could obtain the required certification as of 30 March 2019, and how repair and maintenance companies in the UK could continue to deliver spare parts and services with the licensing as required by EU law. In order to resolve these issues and establish a legal basis to ensure a smooth transition to the application of UK law, a contingency Regulation is urgently required, should the Withdrawal Agreement not be adopted.

1.5. Although stakeholders can, in many instances, resolve issues related to the continued validity of the certificates by turning to a civil aviation authority of the EU27, or applying for a third country certificate issued by the European Aviation safety Agency (EASA), there are instances where such mitigation is not possible. These situations can only be resolved if a legal basis is established.

1.6. Contingency measures are required as a matter of urgency, but the EU regulation should only become effective to resolve safety issues related to aviation which could not otherwise be resolved. The regulation must therefore be of temporary nature until the UK has established national agencies and national legislation to assume the role of a safety agency.

1.7. The EESC commends the Commission for this regulatory initiative which acknowledges specific problems which could arise in the event of a no-deal scenario in the field of aviation safety. The Regulation will provide the sector with the required assurances that the certification process will not be jeopardised during the transition of the UK from a Member State to the status of a third country. The travelling public will likewise be given the assurance, that safe operations will be provided for beyond 29 March 2019.

1.8. The EESC agrees with the Commission’s argumentation that the purpose of the Regulation is not to extend the status quo, but to provide for contingency measures considered urgent to mitigate possible damage to the air travel between EU and UK. The proposed Regulation is only applicable temporarily to enable the sector to continue to adhere to highest safety standards.

1.9. The EESC urges the United Kingdom to conclude bilateral safety agreements as soon as possible with the EU and with other third countries so as to establish the required consensus on the mutual recognition of certificates issued by the UK and these other parties.

2. Regulatory context

2.1. International agreements

2.1.1. A number of aviation-related agreements entered by the EU on behalf of the Member States needs to be replicated by the UK after Brexit. With respect to MRO (maintenance, repair and overhaul), aviation manufacturing, repair facilities as well as safety standards, the most important agreement is the EU-US bilateral aviation safety agreement (BASA).
2.1.2. According to this agreement the safety agencies of both sides, Federal Aviation Administration (FAA) and European Aviation Safety Agency (EASA) respectively, mutually accept each other’s certification and approval processes; only one approval is needed. In the case of the UK, FAA would no longer be able to rely on UK Civil Aviation Authority (CAA) inspections of FAA licenced repair stations in the UK. FAA inspections would be required, as well as CAA approval.

2.1.3. Because the BASA frequently refers to EU Member States, the UK could only preserve the status quo if the US agreed to treat the UK as if it were still a member of the EU during the transition period and conclude a separate BASA with the UK. Although legally still under debate, such an agreement would need the consent of the EU, if it is to come into effect during the transition period — Decision of European Court of Justice on the EU-Singapore free trade agreement: distinction between agreements on transportation of passengers and goods, from agreements on services such as maintenance and repair. Agreements on the latter fall under the common commercial policy, and therefore exclusive competence of the EU: therefore a replacement of the EU-US BASA by a UK-US BASA would require EU consent. This would be likely to happen, since the purpose of the Withdrawal Agreement was to facilitate orderly transition.

2.1.4. The UK has announced that negotiations are ongoing with USA, Brazil and Canada on bilateral BASA; finalising these will prove difficult in the absence of a safety agreement EU-UK, particularly any agreement on the status of the UK in EASA.

2.2. EASA

2.2.1. After Brexit, the UK could apply for some form of associate membership of EASA to maintain the advantages of mutual EU/US recognition and to ensure clarity with respect to the safety standards to be applied by the UK. As party of the Chicago Convention, the UK would be a valid applicant for associate membership of EASA; it would however have to apply the relevant EU aviation law.

2.3. Aviation safety in case of ‘hard Brexit’

2.3.1. To mitigate possible complete interruptions of air traffic between the EU and the UK in the scenario without a ratified Withdrawal Agreement, the Commission has adopted two proposals for regulations: first temporarily ensuring the provision of certain air services between the UK and the EU and extending the validity of certain existing licenses, respectively. The scope of basic air connectivity is addressed by another EESC opinion — TEN/689.

2.3.2. The second proposal for a Regulation on certain aspects of aviation safety with regard to Brexit concerns the extension of validity for certificates for certain aeronautical products, parts, appliances and companies. While some remedies are applicable to stakeholders in this regard in the form of switching to an EU CAA or submitting an early application to EASA for third country certificates, not all possible disruptions can be mitigated by those measures.

2.3.3. The urgency to provide extended validity periods is closely linked to the UK having to take over responsibilities previously conferred to EASA, in order to be able to issue licenses again. EASA in turn can only issue certain certificates on the basis of a third country license (4). Hence, the extended validity serves to bridge the time it will take for EASA and operators to issue certain certificates under the new third country status of the UK.

3. Content of proposed Regulation

3.1. The proposed Regulation covers a range of certificates valid before the withdrawal date, but generally differentiates between certificates issued by EASA to natural or legal persons with their principle place of business in the UK, and those issued by natural or legal persons certified by the competent UK authority (5).

(4) Regulation 2018/1139, Article 68.
3.2. The former certificates are mainly type certificates and restricted type certificates, approval of changes or supplements for those certificates, repair approvals, European Technical Standard Order authorisations, as well as design organisation approvals (6). These certificates will remain valid for 9 months, with the possibility for extension under further delegated acts by the Commission (7).

3.3. The latter certificates mostly relate to release certificates for products, parts and appliances, completion of maintenance, and airworthiness review (8). Those certificates remain valid to ensure the continued use of the products parts and appliances in or as aircraft (9). Additionally, the proposed regulation ensures that EU Member State authorities or EASA take account of examinations of training organisations previously overseen by the competent UK authority (10).

3.4. Since an invalidity of certificates would not just impact the placement on the market of aviation products but their actual use, the continued validity of licenses is imperative, where the only viable alternative is to relocate e.g. the production of aviation products to EU jurisdictions to circumvent the time gap for the issuing of third country certificates.

3.5. The importance of the measure is further underlined by the often-limited number of producers for certain aircraft components. Nonetheless, the fact that there won't be any issuance of new e.g. type certificates, which could significantly disrupt the operations of those companies not able to shift certification to EU jurisdictions, and in turn their customers which might be reliant on specific products and the certification thereof, remains a factor that might cause disruption.

4. Specific comments

4.1. Concerns raised by stakeholders

4.1.1. Aviation stakeholders acknowledge the urgent need to ensure that this sector can continue to operate safely. The proposed Regulation provides sufficient contingency: time-limited and well targeted transition platform.

4.1.2. According to some stakeholders referred to during preparation of this opinion, Articles 5, 6, 7 and 8 of the Regulation should refer not only to the holders of certificates but the legal or natural persons which issue certificates. This would provide legal certainty to all parties involved in the certification process, that the status quo would be extended beyond 29 March 2019.

4.1.3. The EESC agrees with the Commission's argumentation that the purpose of the Regulation is not to extend the status quo, but to provide for contingency measures considered urgent to mitigate possible damage to the sector. The stakeholders were aware of the discussions pertaining to the Brexit but cannot in all situations themselves resort to alternative actions to mitigate the effects of Brexit on the safety of aviation. They therefore need assurances of legal certainty. This is not the case for the issuers of the certificates in the form of an EU Regulation to explicitly provide them with the legal certainty of continued certification. Such certainty will be provided by new national legislation in the UK.

4.1.4. The EESC commends the Commission for this regulatory initiative which acknowledges specific problems which could arise in the event of a no-deal scenario in the field of aviation safety. The Regulation will provide the sector with the required assurances that the certification process will not be jeopardised during the transition of the UK from a Member State to the status of a third country. The travelling public will likewise be given the assurance, that safe operations will be provided for beyond 29 March 2019.

(10) COM(2018) 894 final, Article 5.
4.1.5. The EESC strongly endorses this approach and encourages the Parties to conclude as rapidly as possible a bilateral air safety agreement to conclude in mutual consent how the safety agencies of both sides will co-operate in future to ensure a harmonised implementation of safety measures throughout Europe.

4.1.6. The EESC also urges the UK to conclude a BASA with the leading economic powers, in particular the USA, so as to maintain continuity and coherence in the safety measures pursued so far on the North Atlantic market.


The President
of the European Economic and Social Committee
Luca JAHIER
Opinion of the European Economic and Social Committee on Proposal for a Regulation of the European Parliament and of the Council on common rules ensuring basic air connectivity with regard to the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the Union

(COM(2018) 893 final — 2018/0433 (COD))

(2019/C 190/07)

Rapporteur-general: Jacek KRAWCZYK

1. Conclusions and recommendations

1.1. The European Economic and Social Committee (EESC) has consistently underlined the importance and size of the Single European Aviation Area as a catalyst for economic growth, prosperity and for maintaining Europe’s competitiveness internationally. Once the decision of the United Kingdom (UK) to cease to be a member of the European Union (Brexit) comes into effect, all sectors of the UK’s economy will no longer be an integral part of the European single market; its aviation sector will no longer benefit from, and contribute to, the Single European Aviation Area.

1.2. The assessment of the impact of Brexit on the important EU-UK air traffic will depend on the ability of the UK and the EU institutions to swiftly adopt the appropriate regulatory measures to secure high levels of competitiveness between the EU27 and the UK’s aviation sectors.

1.3. In an — increasingly probable — ‘no Withdrawal Agreement’ scenario, the legislation of the EU, in particular Regulation (EC) No 1008/2008 of the European Parliament and of the Council (1), would cease to apply for air services between the UK and the EU. This creates legal uncertainty, jeopardises planning stability and endangers continued connectivity for services between the UK and the EU.

1.4. The proposed Regulation of the European Parliament and of the Council on common rules ensuring basic air connectivity with regard to the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the Union (Regulation) is a temporary solution and a contingency plan to reduce the impact of an abrupt Brexit. The proposed measures are the only realistic way to mitigate possible serious negative consequences to be expected for the aviation sector, if the Withdrawal Agreement is not ratified before 29 March 2019.

1.5. The Regulation will provide for further time for the Commission and the UK government to negotiate a comprehensive air services agreement (ASA), which would then become the regulatory framework for aviation between the EU and the UK. It will also provide for basic air connectivity between the EU and the UK to be maintained in the meantime.

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1.6. Negotiations on an ASA between the EU and the UK will have to be conducted without delay to re-establish a legal basis for robust airline competition between the carriers of both parties. The EESC is ready to provide necessary contributions from organised civil society stakeholders from the EU-27. In the interests of the European economy, its citizens and workers, the EESC encourages the EU and the UK to adopt a comprehensive ASA as soon as possible as the only legal basis for an open and competitive aviation market.

1.7. Subsequent to the UK’s submission of an Article 50 application to end its EU membership, the Commission developed a coherent negotiation strategy and implemented it consistently and transparently with the full and undivided endorsement of all EU institutions (2). The EESC commends the European Commission, the European Parliament and the Member States for their unity. Pursuing a united approach is in the interests of the EU citizens. It is equally true as far as the civil aviation sector is concerned.

1.8. The EESC supports the thrust of the proposed Regulation as a contingency measure to secure basic air connectivity, given that the Regulation cannot be seen as an extension of Regulation (EC) No 1008/2008, or indeed even a unilateral Withdrawal Agreement. The rights contained in the proposed Regulation are rightly limited in time and purpose. The limitation of the commercial opportunities to third and fourth freedom services between the EU and the UK is logical and consistent. Further commercial opportunities for airlines of the EU and the UK must be the subject of negotiations on a future ASA between the EU and the UK.

1.9. In order to ensure basic connectivity and fair competition, the proposed Regulation contains several criteria and procedures, such as a cap on frequencies at the level of the IATA summer and winter seasons (3), the concept of the ‘equivalence’ of rights (4), and the Commission’s right to reduce, amend or revoke rights (5). The EESC recommends that — to better reflect current market conditions — the reference period should end on 29 March 2019 (full IATA summer and winter season 2018/2019).

1.10. In view of the economic and social consequences of this worst-case scenario, it is crucial that the Commission develops a transparent and close monitoring mechanism. Such a mechanism should also foresee close cooperation between the Commission and the social partners and civil society organisations prior to and during the transition period, and whilst negotiating a new air services agreement. Such monitoring must also include the protection of passengers, workers and environmental standards.

1.11. In the EESC’s opinion, aviation workers from the UK should keep their rights from the EU legislation regarding, among others, the crew working time, the temporary agency, the flight time limitations, the directive on the transfer of undertakings and others in order to maintain a level playing field towards Union carriers.

2. General comments

2.1. Legal basis to provide intra-EU air services

As outlined in the Explanatory Memorandum (6), sovereign states organise air transport by means of bilateral air services agreements. However, subsequent to the liberalisation of intra-EU air transport, the freedom for the Member States’ air carriers to provide intra-EU air services is based exclusively on Regulation (EC) No 1008/2008. This Regulation also lays down the rules for the licensing of those carriers. In the absence of a withdrawal agreement, services between the United Kingdom and the Member States would cease to be governed by this Regulation, and therefore, as from 30 March 2019, there would be no legal basis for the provision of services between the United Kingdom and the Member States by the respective carriers. Furthermore, the carriers of the United Kingdom would lose the Union operating license.

(2) COM(2018) 556 final/2; COM(2018) 880 final
(3) COM(2018) 893 final, Article 3 II.
(5) COM(2018) 893 final, Article 4 and Article 5.
Although states can approve flight schedules submitted by designated airlines for a flight season on the basis of comity and reciprocity, these ad hoc approvals provide for no planning stability, and would give rise to barely manageable administrative burdens in the case of flights between the UK and EU Member States, as well as the rather controversial legal issue of whether the EU would retain exclusive rights to negotiate the terms of an EU-UK ASA in the absence of which the Member States could not legally approve any flights. For air services between the EU and the UK it is therefore essential that a legal basis is created for services to operate beyond 29 March 2019.

2.2. Withdrawal Agreement — consequences for aviation

The EU and UK have negotiated a Withdrawal Agreement which contains measures to be taken to facilitate the transition of the UK from the status of a Member State to that of a non-EU third country. This agreement would affect all economic sectors. During the transition period, the UK would be subject to both existing EU law and EU law that enters into force during the transition period; however, the UK would not have an active role in the EU’s decision-making process, including those conducted by EU agencies such as EASA. This would continue until a new ASA is concluded between the UK and EU27.

2.2.1. International agreements concluded by the EU

Over 750 international agreements entered into by the EU on behalf of the Member States may need to be replicated by the UK after Brexit. These include several aviation-related agreements, in particular the EU-US comprehensive air services agreement from which the UK will cease to benefit. Whenever the EU concluded an air services agreement on the basis of exclusive competency, the UK will cease to benefit from that agreement when it ceases to be an EU Member State. Whenever an agreement concluded on the basis of mixed competency confers benefits to ‘EU Member States’, the UK will likewise no longer be beneficiary. The EU commits itself in the Withdrawal Agreement to notify all international parties to EU air services agreements that they should treat the UK as an EU Member State during the transition period. Still, it is up to the third party to determine if it will do so; the Withdrawal Agreement has no binding effect on third parties to continue to apply benefits to the UK after 29 March 2019.

2.2.2. With respect to MRO (maintenance, repair and overhaul), aviation manufacturing, repair facilities as well as safety standards, these aspects are addressed in another EESC opinion — TEN/688 ‘Aviation safety after Brexit’.

3. Proposed Regulation

3.1. Context

To mitigate possible serious interruptions of air traffic between the EU and the UK in the scenario without a ratified Withdrawal Agreement, the Commission has adopted two proposals for regulation:

— Proposal on common rules ensuring basic air connectivity with regard to Brexit (COM(2018) 893 final — 2018/0433 (COD)), which is a subject of this opinion, and


The adopted measures represent matters of urgency in specific Union law areas in the absence of the Withdrawal Agreement. The limited number of proposed measures are to be seen as exceptional protection efforts of vital interest to the European Union and its citizens in such a scenario.

In particular, the Commission stresses that they should neither be a replication of benefits of EU membership, nor the terms of the envisaged transition period. Measures will be unilaterally adopted by the EU (possibility to revoke them at any time), and sector specific time limitations for measures apply. Furthermore, the enshrined division of competences should be adhered to, and national measures are to be in compliance with EU law. Lastly, they should not function as a remedy for a lack of preparedness measures or timely action.

(7) EESC Opinion on Aviation safety after Brexit, TEN/688 (See page 37 in the OJ).
3.2. Proposed measures

3.2.1. The Proposal for a Regulation seeks to assure — for a 12-month period — basic air connectivity between the UK and the EU. The proposal gives UK operators traffic rights to fly across the territory of the EU without landing, make stops in the territory of the EU for non-traffic purposes, and provide direct connections between the territory of the UK and the EU, regardless of whether the services are for passengers or cargo, scheduled or non-scheduled (8). Notably, the capacity for flights is proposed to be capped at the pre-Brexit frequencies of the IATA winter and summer seasons of the year 2018 (9).

3.2.2. The rights granted to the UK carriers additionally depend on the adherence to an ‘equivalence of rights’ principle, essentially entailing that the Commission will monitor whether Union carriers are granted de jure and de facto equivalent rights to those which UK carriers will receive under the proposed Regulation. If this is not the case, or the level of rights varies between operators, it is at the discretion of the Commission to impose further capacity restrictions, require Member States to refuse, suspend, or revoke operating authorisations, or adopt other appropriate measures (10). The same restrictions may be applied by the Commission in cases where they find that fair competition is not ensured, for example if the UK provides subsidies to their carriers, or EU carriers are discriminated against (11).

3.2.3. Furthermore, the proposed regulation contains requirements for obtaining operating authorisations from Member States (12), submitting operational plans and schedules to authorities in the Member States concerned (13), conditions for refusing, revoking, suspending, or limiting authorisation (14), as well as for ensuring continued recognition of airworthiness certificates, competence certificates, or licenses issued by the UK (15).

4. Specific comments

4.1. Capacity freeze

4.1.1. European stakeholders were divided on the need to impose a cap on the capacity to be offered (16). The key argument for eliminating the cap is the expected market growth of 6% in the coming years.

4.1.2. The EESC agrees though with the Commission, that the purpose of this Regulation is not to extend the applicability of Regulation (EC) No 1008/2008 and to secure a fully functioning de facto Single European Aviation Market. As a Regulation covering frequencies and therefore capacity offered, it does indeed intervene in the market dynamics. However, as a result of Brexit, and in the absence of any other approved measure such as a Withdrawal Agreement, urgent action is required. The Regulation must therefore be seen in the context of the political inability to adopt an appropriate Withdrawal Agreement which extends the legal basis for a limited time whilst committing the UK to adopt measures as a third country; without such a Withdrawal Agreement, all economic sectors, notably aviation face serious disruptions.

4.1.3. The capacity to be offered through this Regulation is therefore not a reflection of a functioning market, but a reflection of an urgent contingency measure. Without this Regulation, UK carriers seriously risk having their EU operating licence revoked. With the Regulation, basic air connectivity can be secured. Furthermore, the cap provides certainty for Member States in as much as no Member State could approve of additional frequencies, and the basis upon which to take possibly necessary remedial action is likewise clear. The cap on frequencies underlines the both temporary and urgent contingency nature of the Regulation. To better reflect current market conditions, the reference period should end on 29 March 2019 (full IATA summer and winter season 2018/2019). It will take effect during the time required to agree upon a new ASA, maximum 12 months.

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(8) COM(2018) 893 final, Article 3(1).
(9) COM(2018) 893 final, Article 3(2).
4.1.4. The EESC supports the time-limited cap on frequencies underlining the provisional and targeted contingency nature of the measure. However, in the interests of the European economy, and its workers, the EESC encourages the EU and the UK to adopt a comprehensive ASA as soon as possible as the only legal basis for an open and competitive aviation market.

4.2. Extension to code-sharing, leasing agreements

4.2.1. The EESC is of the position that inclusion of clauses to continue operation of code-sharing and leasing agreements would exceed the purpose of the Regulation. These commercial agreements cannot be construed as falling under the category of providing for basic connectivity between two parties. The legal basis for such commercial cooperation agreements lies in Regulation (EC) No 1008/2008; if such agreements are to be continued, they will have to be included in a future comprehensive ASA between the EU and the UK.

4.3. Extension to fifth freedom (cargo) operations

4.3.1. The regulation provides for the core element of connectivity—an air service between two countries: third and fourth freedom traffic rights. The Regulation also includes technical rights, first and second freedom traffic rights. Any rights exceeding the basic connectivity between two countries cannot fall under this Regulation which does not seek to provide for new commercial opportunities, or even extend the legal basis for all current operations. The EESC believes that it would not be consistent with the purpose and rationale of the proposed Regulation to extend the provisionally granted commercial traffic rights beyond third and fourth freedom rights.

4.4. Implications for ownership and control requirements

4.4.1. The EESC is of the view that the ownership and control requirements of Regulation (EC) No 1008/2008 should not be modified because of Brexit. If an EU airline is at risk of losing its EU operating licence after Brexit, the proposed regulation should foresee a sufficient additional period enabling the airline to adjust its ownership structure to be approved by the Commission.

4.5. Exemption to applying Regulation (EC) No 868/2004 of the European Parliament and of the Council to traffic from UK carriers to the EU

4.5.1. The EESC is of the view that Regulation (EC) No 868/2004 should be maintained as an instrument with no exceptions, as this would create a precedent for future applications of this trade protection instrument. Furthermore, such an exemption is not required, as the regulation itself foresees measures which can be activated, should the Commission deem them necessary to neutralise discriminatory acts against EU carriers.

4.6. Equivalence clause

4.6.1. Concerns have been raised about the equivalence clause, which enables the Commission to ask the Member States to revoke or limit the rights of UK carriers to provide services. The clause is indeed open to interpretation, and it is by no means a given that all Member States will interpret this clause similarly. Its primary advantage is that it avoids automatic penalising action against airlines, and thus reduces the level of obligation to intervene in the market. Given the temporary nature of the Regulation, a pragmatic approach is more appropriate than a formalistic tit-for-tat mechanism, particularly, as this clause invites.

4.6.2. The EESC acknowledges the advantages of the ‘de facto or de iure equivalence of rights’ as described in Article 4 of the proposed Regulation as a means to ensure fair competition and a level playing field for airlines offering services between the EU and the UK. UK airlines would, in the absence of a Withdrawal Agreement no longer be bound by EU provisions on, for example, consumer protection, the Emissions Trading Scheme or the State Aid Guidelines. However, it is not only in the interests of the airlines, but also in the interest of the EU citizen to gain a better understanding of when certain services could potentially be terminated to establish ‘factual or legal’ equivalence of rights.

4.6.3. The EESC therefore recommends that the Commission ensure harmonised implementation of this clause with potentially more specific examples of situations that could give rise to retortion by the EU.

4.7. In the EESC’s opinion, aviation workers from the UK should keep their rights from the EU legislation, notably from the working time directive, the temporary agency directive, the flight time limitations regulation, the European Works Council Directive, the directive on the transfer of undertakings, etc., in order to maintain a proper level playing field towards Union carriers.


The President
of the European Economic and Social Committee
Luca JAHIER
Conclusions and recommendations

1.1. The EESC supports the Commission’s steps to ensure basic international HGV freight transport connectivity on a temporary basis between the Union and the United Kingdom if the United Kingdom leaves the EU without a ratified withdrawal agreement and is, in consequence, no longer bound by Union law.

1.2. The EESC welcomes the fact that the proposal for a regulation under examination grants UK road haulage operators the right, until 31 December 2019, to carry out bilateral transport between the points of departure and arrival in respectively the United Kingdom and the European Union under the conditions set out in the proposal and in particular on condition that Union carriers may circulate on the territory of the United Kingdom under equivalent conditions including fair, equal and non-discriminatory conditions of competition.

1.3. The EESC fervently hopes that the UK authorities will, by the date of any UK withdrawal without an agreement, have decided on a set of equivalent temporary measures, granting EU carriers operating in the UK the same rights as those proposed, on a temporary basis, by the Commission for carriers holding a UK licence, authorising them to provide freight transport between UK territory and the remaining 27 Member States.

1.4. In the event of the UK leaving the EU without a withdrawal agreement, the EESC calls on the United Kingdom and the European Union to negotiate and, by common agreement, establish — before the end of the transitional period mentioned above — basic connectivity under the ECMT system and the future rules to be applied between the United Kingdom and the European Union.

2. **Introduction**

2.1. Regulation (EC) No 1072/2009 of the European Parliament and of the Council (2) lays down the common rules for access to the international road haulage market throughout the Union for vehicles with a maximum laden mass of more than 3.5 tonnes, for transport to or from the territory of a Member State or passing across the territory of one or more Member States.

2.2. The purpose of the regulation is to remove all restrictions, including those relating to access to the market, on a person providing goods transport on the grounds of nationality or the fact that he is established in a different Member State from the one in which the services are to be provided. This transport is in principle covered by a Community licence issued by a Member State and combined, if the driver is from a third country, with a driver attestation.

2.3. Carriage from Member States to third countries is still largely covered by bilateral agreements between the Member States and those third countries.

2.4. In the event of the withdrawal of the United Kingdom from the European Union without a withdrawal agreement, UK road haulage services would no longer be bound by EU law. Without a valid licence, UK road haulage operators would no longer have access to the EU road haulage market and (probably) vice versa.

2.5. At present, the sole legal basis to counter the absence of a withdrawal agreement is the multilateral quota of permits set by the European Conference of Ministers of Transport (ECMT), which applies in 43 countries, including 26 EU Member States (excluding Cyprus) and the United Kingdom, which authorises the international carriage of goods between the country of registration of the vehicle and other ECMT countries.

2.6. However, the number of permits set per ECMT country for 2019 (23232 for EU-27 and 984 for the United Kingdom) is not enough to meet current transport volumes. The number of permits can only be increased by unanimous agreement between all the ECMT countries, meaning that this option is not a workable solution to prevent a breakdown in access to the road haulage market from the EU to the United Kingdom and vice versa.

2.7. In order to avoid any disproportionate disruption in connectivity, which would be disastrous for both sides, temporary movement rights within the EU must urgently be granted to UK road haulage operators, provided that the United Kingdom in turn applies identical rules to EU carriers.

3. **Commission proposals**

3.1. The proposal for a regulation under examination grants UK road haulage operators, in the event of a UK exit from the EU without a withdrawal agreement, the right to conduct bilateral carriage in the EU from the day following that on which the Treaties cease to apply to the United Kingdom until 31 December 2019.

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3.2. This right for bilateral carriage in the EU will only be granted if the United Kingdom guarantees that the rights enjoyed by UK carriers in the EU are exactly the same as the rights granted to EU road haulage operators in the United Kingdom. In the event of non-compliance with this equivalence requirement, the Commission may by means of a delegated act:

- limit the capacity and/or the number of journeys; or
- suspend the application of the regulation; or
- adopt other appropriate measures.

3.3. The rights granted to UK road haulage operators are subject to conformity with the relevant Union law applicable to road freight transport, in particular with regard to:

- mobile workers and self-employed drivers;
- social legislation relating to road transport;
- tachographs;
- maximum authorised dimensions and weights of certain vehicles;
- speed limitation devices for certain categories of vehicles;
- compulsory use of safety belts;
- compliance with the Posted Workers Directive;
- compliance with Community provisions on fair and non-discriminatory competition.

3.4. The Member States and the Commission are authorised to verify that road haulage operators carrying goods into the Union are licensed or certified by the United Kingdom in accordance with relevant standards, that all relevant national and Union legislation is complied with, and that the rights are not exceeded.

3.5. The Member States may not negotiate or enter into any bilateral road freight transport agreements with the United Kingdom on matters falling within the scope of the proposed regulation.

4. General comments

4.1. Road freight transport is a key sector for both the United Kingdom and the EU. More than 4.4 million driver-accompanied freight vehicles connect the United Kingdom and the EU every year. In 2015, the United Kingdom exported a total of 21350000 tonnes of goods by road to the EU. In the same year, the EU exported 26816000 tonnes of goods to the United Kingdom (3).

4.2. Any barriers to these movements would consequently have a severe effect on trade, employment and economic growth on both sides, and would seriously disrupt supply chains.

(3) Statistics from the UK’s Road Haulage Association.
4.3. The EESC welcomes the Commission’s proposal for contingency measures to prevent the worst happening, by provisionally granting UK road haulage operators the right to carry out bilateral transport between points in the UK and EU on conditions set out in the proposal including equivalent access for EU operators in the UK and fair conditions of competition, while awaiting — before the transitional period ends on 31 December 2019 — the provisions required to ensure basic connectivity under the ECMT system and any future rules applying to relations between the United Kingdom and the European Union that may be negotiated and defined by common agreement.

4.4. The EESC fervently hopes that the UK authorities will, by the date of any UK withdrawal without an agreement, have decided on a set of equivalent temporary measures, granting EU carriers operating in the UK the same rights as those proposed, on a temporary basis, by the Commission for carriers holding a UK licence, authorising them to provide freight transport between UK territory and the remaining 27 Member States.

4.5. In the event that the United Kingdom rejects the reciprocity of haulage rights within the deadline, the proposed regulation would lapse and freight carried by UK heavy goods vehicles (HGVs) would either have to be transferred at the border with the EU to HGVs registered in the EU or, as far as possible, carried by light commercial vehicles (LCVs) with an authorised mass of less than 3.5 tonnes, which are not subject to the common rules for access to the international haulage market.

4.6. In its opinion on Access to the international road haulage market and the occupation of road transport operator (4) of 18 January 2018 concerning a proposal for a regulation amending Regulation (EC) No 1072/2009, the EESC pointed out that the non-extension of the regulation to LCVs meant that competition might be distorted. The EESC would reiterate its call for LCVs to be subject to the above-mentioned regulation, even if in an alleviated form.

5. **Specific comments**

5.1. Article 4 of the proposal for a regulation under examination lists the social and technical rules that haulage operators entitled to a UK licence and operating on EU territory must comply with during the transitional period.


The President
of the European Economic and Social Committee
Luca JAHIER
Opinion of the European Economic and Social Committee on 'Proposal for a Regulation of the European Parliament and of the Council laying down provisions for the continuation of ongoing learning mobility activities under the Erasmus+ programme in the context of the withdrawal of the United Kingdom of Great Britain and Northern Ireland ("United Kingdom") from the European Union'

(COM(2019) 65 final — 2019/0030 (COD))

(2019/C 190/09)

Referral

European Parliament, 30.1.2019

Council of the European Union, 12.2.2019

Legal basis

Articles 165(4), 166(4) and 304 of the Treaty on the Functioning of the European Union

Section responsible

Section for Employment, Social Affairs and Citizenship

Adopted at plenary

20.2.2019

Plenary session No

541

Outcome of vote

152/0/1

(for/against/abstentions)

Since the Committee unreservedly endorses the content of the proposal and feels that it requires no comment on its part, it decided, at its 541st plenary session of 20 and 21 February 2019 (meeting of 20 February 2019), unanimously, to issue an opinion endorsing the proposed text.


The President of the European Economic and Social Committee
Luca JAHIER
Opinion of the European Economic and Social Committee on ‘Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 508/2014 as regards certain rules relating to the European Maritime and Fisheries Fund by reason of the withdrawal of the United Kingdom from the Union’

(COM(2019) 48 final — 2019/0009 (COD))

(2019/C 190/10)

Referral: European Parliament, 30.1.2019

Council of the European Union, 6.2.2019

Legal basis: Articles 43(2) and 304 of the Treaty on the Functioning of the European Union

Section responsible: Section for Agriculture, Rural Development and the Environment

Adopted at plenary session: 20.2.2019

Plenary session No: 541

Outcome of vote (for/against/abstentions): 159/0/2

Since the Committee unreservedly endorses the content of the proposal and feels that it requires no comment on its part, it decided, at its 541st plenary session of 20 and 21 February 2019 (meeting of 20 February), by 159 votes to 0 with 2 abstentions, to issue an opinion endorsing the proposed text.


The President
of the European Economic and Social Committee
Luca JAHIER
Opinion of the European Economic and Social Committee on ‘Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2017/2403 as regards fishing authorisations for Union fishing vessels in United Kingdom waters and fishing operations of United Kingdom fishing vessels in Union waters’

(COM(2019) 49 final — 2019/0010 (COD))

(2019/C 190/11)

Since the Committee unreservedly endorses the content of the proposal and feels that it requires no comment on its part, it decided, at its 541st plenary session of 20 and 21 February 2019 (meeting of 20 February), by 171 votes to 0 with 2 abstentions, to issue an opinion endorsing the proposed text.


The President
of the European Economic and Social Committee
Luca JAHIER
CORRIGENDA

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

Corrigendum to the Opinion of the European Economic and Social Committee on the role of Domestic Advisory Groups in monitoring the implementation of Free Trade Agreements [COM(2018) 329 final — 2018/0164 (CNS)]

(Official Journal of the European Union C 159 of 10 May 2019)

(2019/C 190/12)

On the cover, in the table of contents, and on page 38:

for: ‘Opinion of the European Economic and Social Committee on the role of Domestic Advisory Groups in monitoring the implementation of Free Trade Agreements [COM(2018) 329 final — 2018/0164 (CNS)]’,
