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***European Economic and Social Committee***

Brussels, 23 May 2017

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| **PLENARY SESSION    26 AND 27 APRIL 2017    SUMMARY OF OPINIONS ADOPTED** |
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The plenary session on 26 and 27 April 2017 was attended by **Can Dündar**, a Turkish journalist nominated for the 2016 Sakharov Prize, **Professor Dusan Sidjanski**, honorary chairman of the European Cultural Centre, and **Maroš Šefčovič**, Vice-President of the European Commission responsible for the Energy Union.

The following opinions were adopted:

# **Institutional affairs**

* ***European Defence Action Plan***

**Rapporteur:** Christian MOOS (Various Interests - DE)

**Co-rapporteur:** Jan PIE (Cat. 1 - SE)

**Reference:** EESC-2016-06865-00-00-AS

**Key points:**

The European Economic and Social Committee (EESC)

* is in favour of creating a European Defence Union (EDU) and supports the European Defence Action Plan, including the establishment of a common European Defence Fund. The EESC calls for significant qualitative progress in European defence cooperation, as the EU's defence market and industry is overly fragmented and causes inefficient allocation of resources, overlapping remits, lack of interoperability and technological gaps. The EESC supports the objective of strategic autonomy in identified critical capability and technology areas.
* states that a sine qua non for the development of common defence capabilities is to strengthen the European defence industrial and technological base including a highly skilled workforce.
* strongly supports giving special attention to SMEs including in the area of research and development for defence purposes.
* rejects the opening up of existing funds that serve economic or social objectives for defence purposes.
* rejects a special provision for national budgetary resources allocated for defence under the Stability and Growth Pact. Defence expenditure should not destabilize public finances.
* supports the creation of a Defence Fund with separate windows for research and capabilities. However, the EU budget has to be increased, as the research window for defence must not be financed at the expense of research in other sectors. The EESC is in favour of the capability window being financed solely by national contributions. The procurement of defence products by Member States cannot be financed from the EU budget.

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# **Economic governance/financial instruments**

1. ***Terrorism Financing – Controls of cash movements***

**Rapporteur:** Javier DOZ ORRIT (Workers - ES)

**Co-rapporteur:** Mihai IVAŞCU (Various Interests - RO)

**Reference:** COM(2016) 825 final/2016/0413 (COD)

**Key points:**

The EESC

* supports the Commission's proposal. The EESC believes that to expand the scope of controls and the competency of the authorities in order to conduct checks and confiscate goods, whenever there is a reasonable indication of illicit activities, will facilitate the discovery of more fraudulent cases and gather more information.
* it is necessary to improve cooperation, both between the competent authorities and between Member States, in order to achieve the maximum effect in applying the new regulation.
* proposes that, following a study and extensive consultations, the Commission should put together a plan for reducing the use of cash in the EU and the adequacy of the EUR 10 000 threshold should be reconsidered.
* believes that the Commission should go further in setting out the penalties for failure to comply with the obligation to declare.
* in the list of the Commission of high risk third countries.
* suggests that tax authorities should also have access to information collected in the course of cash flow controls in order to investigate links of such activities with tax offences.
* recommends that in addition to gold, other "highly liquid commodities" should be included in the definition of cash from the moment the new regulation is adopted.
* proposes that more attention should be paid to the threat of further use of pre-paid cards by criminals and terrorists of such instruments to covertly finance their activities.
* suggests that data protection should be strengthened due to the increase in the amount of data being collected and exchanged between authorities.

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# **Transport**

* ***Women and transport - Platform for Change***

**Rapporteur:** Madi SHARMA (Employers - UK)

**Reference:** Exploratory opinion requested by the Commission

EESC-2017-00048-00-00-AC

**Key points:**

The EESC proposes an EU Platform For Change ("Platform"), to address gender equality in transport, initially prioritising increasing women's employability in the sector. This initial objective could later be supplemented by including "women as users". Membership could include, but not exclusively, EU- and national-level representative bodies of policy makers, the transport industries, their trade unions, media, passenger organisations and NGOs willing to commit to concrete actions to address gender inequality in transport.

The EESC would promote the objectives of implementing gender-sensitive policies through the establishment of clear objectives: terms of reference and defined scope, including indicators, which are developed by the members during the Platform formation.

The EESC recommends that the Platform retains the ability to be flexible and adaptable between all the dimensions of the sector and at policy level. It should insist on transparency and accountability of its members and functioning. Monitoring, evaluation and annual reviews are essential tools for the Platform's credibility and success.

The Platform can only be successful if the members take full ownership and hence the EESC proposes a web presence which lists members, their activities and hosts a database of the actions, recommendations, monitoring and evaluations, for others to replicate or source information.

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# **Energy**

* ***Revision of the Energy Efficiency Directive***

**Rapporteur:** Mihai MANOLIU (Employers - RO)

**Reference:** COM(2016) 761 final – 2016/0376 (COD)

EESC-2016-06911-00-00-AS-TRA

**Key points:**

The Committee believes that improving energy efficiency in all areas in which energy is used can prove to be a significant means of reducing costs for the European economy and the principle of "energy efficiency first" can help improve financial accessibility. Energy efficiency is one of the most cost effective ways to support the transition to a low carbon economy and to create growth, employment and investment opportunities. The Committee calls for:

* the Member States to take a proactive approach to promoting energy efficiency, cooperate on joint projects, remove economic, administrative and regulatory barriers and firmly implement the Energy Efficiency Directive
* a careful analysis of the impact of the energy efficiency targets on the other targets set by legislative proposals on energy
* an increase of final-consumer awareness by promoting and providing information about energy efficiency schemes and alternative measures
* the Member States to pay closer attention to subsidised housing and households suffering from energy poverty, which should be guaranteed permanently cheaper energy
* measures to educate final consumers on techniques for combined production of heat and power, smart meters and renovation plans
* private funds for energy projects to be leveraged through European financial instruments
* grants to be provided for projects with a strong social impact
* national training programmes for energy efficiency service providers and a proper approach to quality assurance
* a comprehensive approach and a more energy efficient transport system which is based on ongoing technological developments in vehicles and propulsion systems

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* ***Revision of the Energy Performance of Buildings Directive***

**Rapporteur:** Baiba MILTOVIČA (Various Interests - LV)

**Co-rapporteur:** Isabel CAÑO AGUILAR (Workers - ES)

**Reference:** COM(2016) 765 final – 2016/0381 (COD)

EESC-2017-00008-00-00-AC-TRA

**Key points:**

The EESC prioritises the need for the Directive to contain more specific proposals to tackle the challenge of energy poverty. This should include *inter alia* delivery of advice and coordination of measures through the agency of an independent, consumer-focussed "one-stop-shop" or agency.

The EESC believes that Member States, in their own national plans, will need to aim for the higher ambitions outlined in the alternative Policy Option III whilst staying within the legislative approach of Policy Option II – the basis of the revisions presented in the Directive. This will be necessary to create a long-term trajectory capable of meeting the Paris Agreement aspirational goal.

The EESC notes that the Directive has not taken the opportunity to encourage "green" mortgages, renewable energy-linked district heating schemes, measures for residential and commercial energy storage, improved training schemes for installers and renovators and other technical, financial and fiscal measures which would support better energy efficiency in buildings.

Additional steps should be taken to encourage the comparability of calculation methods for Energy Performance Certificates (EPCs) across Member States. Moreover, the non-specific proposal for a "smartness indicator" must include the capacity of a building's occupants not only to assess energy efficiency but also to control and facilitate their own renewable energy production and consumption and cut energy bills.

The EESC emphasises the need to encourage building construction and renovation and notes that, without innovation, it will be impossible to increase the energy performance of buildings. An effort must be made in training to adapt the skills required for these highly specialised sectors.

The EESC particularly urges recognition of the capacity of local authorities to stimulate and coordinate energy efficiency programmes and notes the growing potential of the Covenant of Mayors in this respect. Further ways to incentivise private and non-municipal social landlords to invest in the renovation of older property should be proposed.The Smart Finance for Smart Buildings initiative is a positive step welcomed by the Committee.

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* ***Revision of the Renewable Energies Directive***

**Rapporteur:** Lutz RIBBE (Various Interests - DE)

**Co-rapporteur:** Stefan BACK (Employers - SE)

**Reference:** COM(2016) 767 final - 2016-/0382-(COD) - EESC-2016-06926-00-00-AC-TRA

**Key points:**

The European Economic and Social Committee (EESC) welcomes the European Commission's proposal for a recast of the Directive for the promotion of the use of energy from renewable sources. Increasing the share of renewable energies is of significant importance for achieving the objectives of the Energy Union and complying with the climate commitments of the EU. The Committee takes the view that the proposal contains many positive elements, among them, the acknowledgement of the environmental, economic, and social benefits of renewable energies and recognition of prosumers and energy cooperatives as new players on the energy markets.

However, the EESC argues that the proposal could have gone further: First, there are concerns that the binding EU target for the share of renewable energies of 27% (combined with the absence of binding national targets) by 2030 may not suffice to achieve the goals in relation to GHG reduction goals and global renewable energies leadership. Secondly, the EESC fully supports the notion that renewable energies should be exposed to market competition but remarks that a prerequisite for this is the existence of a level-playing field on the market (including the internalisation of external costs, the elimination of subsidies for all energy fuels, and a market design that does not discriminate against smaller-scale production). Thirdly, the Committee views the inclusion in the proposal of prosumers and energy cooperatives favourably but identifies needs for further measures to consolidate and strengthen their role on the energy market. Fourthly, the EESC would like to emphasise the importance of installing and extending a smart grid across Europe in order to allow for sector-coupling and increase market flexibility. Fifthly, the EESC recognises that biofuels, in particular advanced biofuels, if deployed in a sustainable manner, have an important role to play in particular in the transport sector. However, it is important – when discussing biofuels – to also take into account the future role of electro-mobility.

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* ***Energy Union Governance***

**Rapporteur:** Brian CURTIS (Workers - UK)

**Reference:** COM(2016) 759 final – 2016/0375 (COD)

EESC-2016-06870-00-00-AC-TRA

**Key points:**

The EESC supports the proposed Governance Regulation. It elaborates a framework enabling Member States to make the least-cost choices for their own national climate and energy plans and mitigates the risks of stranded infrastructure assets. However, this is unlikely to happen unless changes are made to the Regulation. Associated supporting measures must be provided which will enable the building of social consensus at national, regional and local level concerning how best to address the socio-economic and technical implications of achieving a just energy transition.

Specifically, the EESC recommends adjustments of the proposals, among others, in the following areas: first, an explicit reference to 2050 GHG reduction goals and 2030 indicative reference values for national contributions on renewable energies and energy efficiency; second, an emphasis on the responsibility of Member States to make adequate and proportional contributions to achieving the binding EU targets and to enshrine their agreed 2030 contributions into national law; third, a strengthening of the adequacy of reporting data at national and EU levels; fourth, the possibility to adjust national plans as the Paris commitments evolve; fifth, transparency and civil society input at EU and national level must be strengthened; sixth, a reference definition of energy poverty should be included to allow monitoring across the EU; and seventh, an elaboration on compensating financial contributions (if a Member States falls short of its national objectives) and the role of the financial platform therein.

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* ***Clean Energy for all Package***

**Rapporteur:** Ulrich SAMM (Employers - DE)

**Co-rapporteur:** Toni VIDAN (Various Interests - HR)

**Reference:** COM(2016) 860 final

EESC-2016-06894-00-00-AC

**Key points:**

The EESC welcomes the "clean energy" package, which aims to accelerate, transform and consolidate the EU economy's clean energy transition, while pursuing the important goals of economic growth and job creation. The proposed package includes important proposals in the areas of renewable energies and electricity market design and regulation, energy efficiency and energy performance of buildings, energy innovations, transport, and governance – and the Committee views many of the initiatives favourably. However, the opinion – drawing on nine other opinions concerned with the individual proposals of the clean energy package – also identifies a number of challenges that civil society and co-legislators need to be aware of.

Among these challenges are the following: First, while recognising and appreciating the positive and optimistic message of the Commission's communication, especially regarding industrial output and employment linked to renewable energies, the Committee sees a need to also highlight the potential risks associated with the transition process. Secondly, the EESC appreciates the emphasis on the centrality of the citizens and consumers in the Energy Union but questions whether the regulatory proposals are specific enough to achieve this. Thirdly, energy efficiency and renewable energies are key to achieving the EU's climate goals but there are concerns whether the energy market offers the level playing field that renewable energies need to compete with other fuel sources. Fourthly, the Committee has deep concerns as to whether the Governance proposal is sufficient to address potential implementation and ambition gaps at Member state level. Fifthly, the EESC appreciates that the EU plans to set up an Energy Poverty Observatory but stresses that there remains a need for a coordinated approach to combatting energy poverty. Finally, the EESC is concerned about the financial underpinnings of the package.

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# **Digitalisation**

* ***Digitalisation and innovative business models in the European financial sector, impact on employment and customers***

**Rapporteur:** Carlos TRIAS PINTO (Various Interests - ES)

**Co-rapporteur:** Pierre GENDRE (Cat. 2 - FR)

**Reference:** EESC-2016-05526-00-00-AS

**Key points:**

There is definitely a need to restore trust and stability in the financial sector, with the management of the transition from the old (traditional banking system) to the new system being crucial. In this respect, the EESC calls for the appropriate legislation to be put in place in the EU context of an integrative process of the Banking Union and the Digital Single Market, allowing for growth and innovation while also ensuring protection for consumers and employees in the finance industry.

To achieve a truly Single European Financial Market, European Commission policy should support a level playing field in terms of innovation. As a general principle, broadly analogous conditions are needed in terms of regulation as well as consumer rights, working conditions and supervisory obligations, both for the traditional finance industry and FinTech companies, in line with the rule of the same activity requiring the same regulation and the same supervision.

A risk-based approach to regulation should be consistent throughout the innovation lifecycle, providing a proportional and simplified regulatory framework for both incumbents and new players to experiment with new technologies and business models in interaction with the regulators.

Understanding FinTech requires new skills from all: regulators, supervisors, financial ecosystem stakeholders and the population as a whole.

Digitalisation in the financial sector threatens many jobs, and this is forcing employees to update their competences and skills. The EESC advocates ensuring that skills training and further education take place on two levels. Internally, by allowing employees to take on new tasks and create a cross-over between current financial employees from "traditional institutions" and FinTech/InsurTech companies, and externally by preparing employees who cannot remain in the sector for jobs in other sectors.

The EESC calls on the European Social Fund to provide specific training programmes within the new flag ship initiative “Digital Skills and Jobs Coalition” , to support the up-skilling and retraining of the financial sector's workforce to prepare them for new digital technologies.

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# **Industry**

1. ***Bio-based Industries Joint Undertaking***

**Rapporteur:** Mihai MANOLIU (Employers - RO)

**Reference:** COM(2017) 68 final – 2017/0024 (NLE) – CES

**Key points:**

The EESC endorses the essential clarifications established by the new regulation, namely because the proposal reduces administrative burden on the Bio-based Industries Consortium.

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# **Consumers**

1. ***Establishing a European Travel Information and Authorisation System (ETIAS)***

**Rapporteur:** Jan SIMONS (Employers-NL)

**Reference:**  EESC-2016-06889-00-00-AS-TRA

**Key points:**

* The EESC considers the intention to create a European Travel Information and Authorisation System (ETIAS), to identify risks associated with visa-exempt visitors travelling to the Schengen Area, as a currently inevitable step corresponding to the threats caused by external and internal circumstances.
* The Committee welcomes the fact that that the information gathered via the system will allow for the prior verification of potential security or irregular migration risks to protect EU citizens against persons entering with ill intent.
* The Committee strongly stresses that ETIAS should fully respect the fundamental rights of applicants and avoid any discrimination. All data, especially relating to sensitive information about health, education, criminality etc., gathered by the system must be protected and access to it should be strictly limited to the authorities investigating criminal activities, terrorism, illegal immigration and other threats. ETIAS must also respect the right of applicants to appeal against refusal to grant them travel authorisation or to withdraw it.
* The Committee is aware of the need to solve many technical issues concerning ETIAS, especially interoperability and interconnectivity with other data collecting systems and governance. ETIAS should be based on the right balance between risks and safety, at the same time avoiding increased administrative burdens and barriers for visitors travelling frequently to the EU.
* Attention should be paid to the political aspects of the establishment of ETIAS. The relevant countries should be informed about the reasons for the obligation to obtain travel authorisation and about its advantages. The Commission should also take care that any eventual reciprocal measures from the relevant countries for EU citizens are proportionate to the EU measures.
* ETIAS should give consideration to people who are not able to apply online and provide "application booths" for applicants at the main departure air- and seaports and also at major land border crossings. All applicants should be allowed to use the services of intermediaries such as travel agencies. However, the costs charged by these intermediaries for their services should be monitored and evaluated by EU delegations in the third countries.
* The Committee calls for solutions to be found for the Member States that have not yet fully applied the Schengen acquis (Bulgaria, Croatia, Cyprus and Romania) and consequently have no access to SIS, VIS and EES.

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# **External relations**

* ***A new European Consensus on Development***

**Rapporteur:** Ionuț SIBIAN (Various Interests - RO)

**Co-rapporteur:** Mihai MANOLIU (Employers - RO)

**Reference:** EESC-2017-00564-00-00-AS-TRA

**Key points:**

* The EESC welcomes the Commission proposal for a new European Consensus on Development, which brings this overarching EU development policy document fully in line with the 2030 Agenda. The Committee acknowledges the role the 2005 European Consensus on Development has played in development cooperation both at the level of the EU and of its Member States. The Committee expects that the new Consensus will continue to play a similar role.
* The EESC salutes the explicit commitment of the Consensus to the overarching goal of eradicating poverty, on a rights-based approach to development cooperation and on gender equality, ensuring that under the 2030 Agenda no-one is left behind wherever they live and regardless of ethnicity, gender, age, disability, religion or belief, sexual orientation, migration status or other status.
* The Committee takes the view that the Consensus should attempt to define the roles of the Commission and of Member States, taking into account their specific comparative advantage in the field of development. That has become even more relevant as it is expected that the total allocation for development by the EU and its Member States will come under further pressure in a changing domestic political environment. This also implies that the EU and its Member States should not use development aid as leverage to impose cooperation on development cooperation partners for economic and foreign policy goals, for state security and migration control.
* The EESC emphasises the role of the social partners and civil society organisations (CSOs) in development policy, and encourages the Commission to develop better adapted financial mechanisms to support a wider variety of civil society organisations, to ensure the access of smaller and more numerous local organisations to EU programmes.
* Social partners and civil society organisations should be allowed to monitor public spending on development. They should be meaningfully involved in the formulation, implementation, monitoring and evaluation of development programmes so that these respond to the genuine needs of the widest range of people.
* Furthermore, the EESC is of the opinion that social dialogue must be recognised as a tool for implementing the development agenda, and encourages the EU to work with independent employers and workers’ organisations (social partners) to promote sound industrial relations practices and functioning labour administrations.
* The EESC believes that the foundation for inclusion and sustainability is decent and stable jobs, particularly for women and young people, which generate sufficient revenue and sustainable value chains for the range of consolidated public services.

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